



Office of the Immigration Services Commissioner

Annual Report and Accounts 2015/16

Incorporating the Deputy Commissioner's Report on Regulation
by the Designated Professional Bodies of their Members

Office of the Immigration Services Commissioner Annual Report and Accounts

1 April 2015 to 31 March 2016

**Incorporating the Deputy Commissioner's Report on Regulation by the
Designated Professional Bodies of their Members**

Annual Report presented to Parliament pursuant to paragraph 21(3) of Schedule 5 to the Immigration and Asylum Act 1999.

Accounts presented to Parliament pursuant to paragraph 20(3) of Schedule 5 to the Immigration and Asylum Act 1999.

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Annual Report and Accounts of the Office of the Immigration Services Commissioner

Dear Home Secretary,

I am pleased to submit the Annual Report and Accounts of the Office of the Immigration Services Commissioner as required by paragraph 21(3) of Schedule 5 to the Immigration and Asylum Act 1999. The Report covers the period 1 April 2015 to 31 March 2016.

Dr Ian Leigh
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13 July 2016

Contents

Part 1: Performance Report

Overview

Deputy Commissioner's Statement	2
The Organisation	6
Regulation of Immigration Advice and Services	10
Regulatory Statistics	17
Appeals, Courts and Tribunals	23
The Deputy Commissioner's Report on Regulation by the Designated Professional Bodies of their Members	26
Investigating Illegal Activity	27

Performance analysis

Key Performance Indicators	33
Outcome Objectives	39

Part 2: Accountability Report

Corporate Governance Report	43
<ul style="list-style-type: none"> • Directors' Report • Statement of Accounting Officer's Responsibilities • The Governance Statement 	43
Remuneration and Staff Report	54
Parliamentary Accountability and Audit Report	62

Part 3: Financial Statements

Statement of Comprehensive Net Expenditure	66
Statement of Financial Position	67
Statement of Cash Flows	68
Statement of Changes in Taxpayers' Equity	69
Notes to the Accounts	70

Part 1: Performance Report Overview

Deputy Commissioner's Statement

Introduction

My Statement, together with material contained in the following six sections, provides an "Overview" of the OISC's activities. That is followed by a "Performance Analysis" which describes the organisation's achievement against its Key Performance Indicators (KPIs). Together, this material constitutes the "Performance Report" required by the Government Financial Reporting Manual (FReM).

Role and structure of the OISC

The OISC is an executive non-departmental public body established by the Immigration and Asylum Act 1999 to regulate the provision of immigration advice and services throughout the UK. Since then its powers have been strengthened by numerous amendments made to this Act, but its statutory remit has remained unchanged.

The OISC seeks to protect consumers by ensuring the continuing fitness and competence of registered advisers and organisations, setting standards for registration and promoting good practice throughout the sector. In addition, it operates a scheme to receive complaints relating to immigration advice (whether or not provided by registered organisations) and it enforces the regulatory regime by identifying and, where appropriate, prosecuting individuals who are acting illegally. Finally, the Immigration Services Commissioner monitors the effectiveness of regulation of the immigration advice sector by bodies in Scotland and Northern Ireland which are beyond the jurisdiction of the Legal Services Board. Each of these activities – and the teams which undertake the work – is described more fully in subsequent sections of this Overview.

Performance

The OISC measures its operational performance against a set of quantitative KPIs covering regulatory duties, enforcement activity and internal operations. It has also been developing a set of outcome-based objectives which will in future years provide evidence of the extent to which the organisation is achieving its wider strategic aims. In 2015/16 the OISC met 14 of the 15 targets contained within those KPIs. Further details are contained in the Analysis which appears later in this Performance Report.

Significant developments

The OISC is led by the Immigration Services Commissioner – a corporation sole – supported by the Deputy Commissioner. In September 2015 the Commissioner, Suzanne McCarthy, reached the end of her second, five-year term of appointment and was required by statute to stand down. Since then, I have been acting on behalf of the Commissioner in accordance with the provisions of the 1999 Act. Whilst the organisation has continued to discharge its functions efficiently and effectively, it is appropriate to acknowledge the major personal contribution made by Mrs McCarthy since her arrival in 2005 and to record the gratitude of colleagues both inside the OISC and without for her unfailing enthusiasm and commitment to the organisation and its aims.

Happily, the Commissioner has left a legacy in terms of a fully revised Code of Standards which she issued as her last official duty and which came into effect on 1 April 2016. This document not only updates the previous version, combining it with the Commissioner's Rules, but it also represents a significant change in regulatory approach from prescriptive requirements towards a more principle-based regime. Earlier in the year we published an updated Complaints Scheme – another of our three “framework documents”. This was revised and reissued in July 2015, recognising that there is now only one category of OISC regulated person and taking account of other provisions of the Immigration Act 2014. The document was shortened and reformatted in order to make the scheme more accessible to stakeholders.

The OISC has begun to make good use of the additional powers granted by the 2014 Act and we have been following progress of the new Immigration Bill through Parliament with keen interest. Although this organisation is sometimes perceived to focus heavily on identifying and penalising shortcomings, it devotes considerable effort to its statutory duty to promote good practice among regulated advisers. For example, we have once again run a successful workshop programme – this year having developed a series of seminars to help advisers understand and comply with the new Code – and we have provided detailed written advice on the potential pitfalls of entering into referral arrangements with third parties.

The Intelligence and Investigations Team has continued to provide an effective counter to criminal activity in the immigration advice field. Not only have the staff delivered a number of highly successful prosecutions – and achieved notable success in securing a Confiscation Order under the Proceeds of Crime Act – but they have also developed further productive contacts with other law enforcement agencies throughout the UK. In parallel, a mapping project has been initiated to

identify geographical areas with significant immigration activity but low volumes of complaints. As a result, specific regions – particularly in the north of England – have been identified where we intend to engage communities in order to raise the profile of the OISC and encourage reporting abuse of the regulatory regime.

In addition to the significant regulatory developments described throughout this Overview, I should like to take this opportunity to draw attention to the work of the Corporate Support Service Teams which is essential to ensuring the efficiency and effectiveness of the OISC's operational activities. In addition to maintaining the organisation's technological, financial and physical infrastructure, these teams undertake significant projects in their own right.

This year has seen major progress through modernisation of the OISC's outdated, fixed telephony systems, and through steps taken to ensure the continuing availability of reliable, secure remote access to the organisation's IT systems. In addition, the HR Team have not only delivered a high-quality, responsive service to all staff across the whole range of personnel matters (payroll, pension, welfare, etc) but have this year reviewed, revised and fundamentally updated key corporate policies involving terms and conditions of employment, introducing new policies where appropriate to ensure that all accord with new legislative requirements and reflect current best practice.

Key risks

A principal risk to the organisation is the continued pressure on public spending, which led to a reduction of 5% to our budget in April 2015. The OISC's costs are predominantly fixed staff and occupancy costs, so any budgetary reduction will inevitably impact on the level of staff we are able to maintain. Through spending restrictions and limited staff recruitment throughout the year, the OISC has, however, been able to operate within its financial allocation.

Another risk has been uncertainty about the future of the organisation while awaiting the outcome of the Triennial Review. This has increased risks to delivery of the organisation's objectives because it has made long term planning more challenging. Business has, however, continued uninterrupted.

I should like to express my gratitude to managers and staff throughout the organisation whose efforts and goodwill have helped us to achieve this excellent result.

Looking ahead

A robust Business Plan has been prepared for 2016/17 which strikes a balance between embarking upon new initiatives designed to enhance the regulatory regime and reassessing a range of existing activities in order to confirm their continuing importance against a background of continuing reductions in public sector expenditure.

In addition to embedding the new Code of Standards, a fundamental review of the “Guidance on Competence” will be carried out. This is the third core document underpinning the OISC’s regulatory regime (alongside the Commissioner’s Code and the Complaints Scheme) and it is of fundamental importance in setting out the scope of work which advisers registered at different Levels are authorised to undertake.

Steps will also be taken to reduce burdens on regulated advisers wherever possible (specifically through the greater use of electronic forms) and the competence assessment process will continue to be monitored, ensuring that it remains rigorous, fair and transparent. Enforcement will remain a priority activity, building new and developing existing partnerships with other agencies; and the OISC will seek to increase its profile and influence more widely in support of the Home Office and of government immigration policy.

Finally, the OISC will ensure that it remains a fit-for-purpose public service regulator, streamlining its internal processes and improving interaction with external stakeholders. We therefore embark on a new year with renewed enthusiasm and optimism for the future of the OISC as an efficient and effective regulator of the immigration advice sector.

The Organisation

The Commissioner's Office

The Commissioner's Office consists of the Immigration Services Commissioner (this post has remained vacant since the departure of Suzanne McCarthy on 4 September 2015), the Deputy Immigration Services Commissioner, Ian Leigh, and their part-time administrative support.

The Operational Teams

Six separate, but interlinked, teams deliver the OISC's regulatory functions, led by the Director of Operations.

The Compliance and Complaints Teams

Led by the Head of Operational Regulation, the members of the two Compliance and Complaints Teams (CCT) come from a variety of backgrounds across the private, public and voluntary sectors.

The teams' caseworkers have primary responsibility for the delivery of the OISC's regulatory and complaints functions, and their main focus is ensuring continued compliance with the Code of Standards. They conduct premises audits and investigate complaints made about registered advisers. The teams are also responsible for the delivery of the OISC's workshop and seminar programme, and they provide the main point of contact for registered advisers.

The CCT also include two software developers whose principal role is to enhance the OISC's regulatory database, "Themis", guaranteeing its continuing accuracy, accessibility and functionality – specifically ensuring that reports can be produced which provide data to confirm the organisation's KPIs and underpin its outcome objectives.

The Operational Services and Support Team

The Operational Services and Support Team provides administrative support to the CCT, as well as having responsibility for updating the information on the OISC's database. This team arranges the programme of premises audits for the compliance caseworkers, manages the workshop and seminar events and administers the complaint redirection scheme. In addition, it monitors adviser compliance with the OISC's Continuing Professional Development (CPD) requirements and administers the CPD programme.

The Applications and First Contact Team

The Applications and First Contact Team (AFCT) is responsible for dealing with enquiries from the public, registered advisers and those considering joining the OISC's scheme. It also has responsibility for the initial handling of applications to enter the scheme, and takes final decisions on the more straightforward applications. AFCT also co-ordinates the OISC Competence Assessment process including facilitating its test centres, and administers Disclosure and Barring Service checks on behalf of the Office.

The Intelligence and Investigations Team

The Intelligence and Investigations Team is responsible for identifying and taking enforcement action, alone or jointly with other UK investigative bodies, against persons acting unlawfully. It particularly focuses on those that may be causing the most harm or posing the greatest threat to consumers. To achieve this objective, the Investigations Unit consists of experienced investigators, supported by the Intelligence Unit, dealing with complaints and serious breaches concerning sections 91 and 92B of the Immigration and Asylum Act 1999. The team also supports OISC caseworkers when conducting audits and applying for and executing "enter and inspect" warrants, and it fosters joint-working relationships with external partners to enhance intelligence sharing.

The Legal Team

The Legal Team provides general legal advice and policy guidance to the Office and oversees the conduct of cases in the civil courts and tribunals. It also assists the Commissioner in fulfilling oversight regulation of the Designated Professional Bodies (DPBs) (see report later in this Overview).

The Corporate Support Service Teams

The Finance Team

The Finance Team is responsible for preparing the OISC's annual phased budget, producing monthly management accounts, monitoring actual spend against budget, forecasting for full year spend and liaising with external and internal stakeholders including auditors.

The Head of Finance provides support to the OISC's Audit and Risk Assurance Committee, and has responsibility for asset management. She liaises with the OISC's Sponsor Unit in relation to general finance and other audit issues. She

represents the OISC at Home Office working groups concerned with financial reporting matters and risk improvement forums.

The Human Resources and Facilities Team

The Human Resources and Facilities Team is responsible for providing a comprehensive personnel, training and development service for OISC staff. It is also responsible for facilities management and health and safety issues within the OISC premises, and the investigation of complaints made against staff from external organisations or persons.

Throughout 2015/16 the team continued its ongoing review of HR policies, ensuring that they meet the organisation's business needs and comply with employment and other legislation. In particular, the travel and subsistence manual was revised following new national contracts being awarded which the OISC also contracted to use. Two successful recruitment exercises were also completed during the course of the year.

The OISC migrated to the new alpha pension scheme, which replaced the Principal Civil Service Pension Scheme from 1 April 2015. The majority of existing Principal Civil Service Pension Scheme members and most new staff members moved to the new scheme from that date.

The Head of HR and Facilities is also responsible for the investigation of complaints made against the OISC and/or its staff by external organisations or persons. During 2015/16, six substantive complaints were investigated of which four were not upheld with a further one being withdrawn. At the end of the year one complaint was still under investigation.

The OISC put in place a revised Employment Relations Agreement following extensive consultation with the Public and Commercial Services (PCS) trade union. Usage of the Civil Service Learning facility has increased since joining last year, with staff undertaking various e-learning modules which replaced face-to-face training courses, thereby reducing costs spent on training. A total of 170 days was allocated to staff training and development, and several staff received support in their further education studies.

The Information and Communications Technology (ICT) Team

The ICT Team has responsibility for the following areas:

- The provision (including support and maintenance) of the OISC's ICT infrastructure;
- The provision and support of internal and external facing IT and telecommunications services for the OISC;
- Securing the OISC's ICT against external and internal threats; and
- Providing ICT advice and information.

The most significant project that the ICT team has been involved with this year has been the renewal of both fixed and mobile telephony contracts. The renewal has given the team the opportunity to introduce new technologies that will improve the OISC's flexibility and allow more effective methods of working in line with a more mobile workforce.

A number of other technical projects have been undertaken during the year. These include an operating system replacement, other software updates and remedial work following security testing of the OISC's internet facing systems. The work has allowed the business to achieve the benefits of updated software versions and has also minimised the security vulnerabilities. These have all been achieved with a minimum of user downtime. The team also undertook a review of the main technologies available for delivering remote working. Whilst the OISC has embraced this approach for a number of years with a particular solution, it was felt that a fresh look at alternative methods might yield further benefits to the business.

The Head of ICT has also taken the lead on reviewing the OISC's approach to Information Security, updating documentation and migrating to information asset-based security procedures.

As well as providing direct technical support to OISC staff, some training activities have also been undertaken, with the team compiling and creating manuals and courses on specific aspects of the software packages that the OISC uses.

Regulation of Immigration Advice and Services

The OISC regulates a wide variety of organisations ranging from small, community-based bodies and sole traders through to national charities with multiple offices and large, specialist profit-making advisory services.

The OISC confirms adviser competence and fitness in a number of ways such as through its application processes, competence assessment programme and audit activity. The OISC's approach to regulation remains targeted and proportionate using risk-based assessments.

In accordance with the Immigration and Asylum Act 1999, the OISC used to distinguish between regulated organisations, dividing them into two specific categories: "Registered" (which charged for their advice and services) and "Exempt" (which did not charge).

The Immigration Act 2014 ended this distinction and from November 2014 there became one category of regulated organisation – Registered. However, for the purpose of understanding the provision of immigration advice and services within the sector, it is helpful to be able to report data in relation to advice providers who charge a fee for their work and those who do not. The data in this chapter are presented as relating to fee-charging and non fee-charging registered advisers and organisations.

As set out in the Guidance on Competence, the OISC regulates advisers at three different Advice Levels:

- Level 1: Advice and Assistance – advisers are authorised to make simple applications allowed under the Immigration Rules;
- Level 2: Casework – advisers are authorised to do both Level 1 work and the more complex Immigration Rules applications, applications outside the Immigration Rules and applications as allowed under the Home Office's concessionary or discretionary policies;
- Level 3: Advocacy and Representation – advisers are permitted to do any work permitted at Levels 1 and 2 as well as all appeals work against a Home Office immigration decision and the conduct of specialist casework.

The Advice Level at which an organisation is authorised to work is determined by the authorised Advice Level of the highest authorised adviser in that organisation.

New Framework Documents

On 1 July 2015 the newly revised Commissioner's Complaints Scheme came into effect. The structure and content of the Scheme were changed to make the document more user-friendly for advisers who would be subject to the Scheme and

to assist complainants in understanding how their complaints would be investigated. A new complaints review process was added which ensures that both adviser and complainant are provided with an opportunity to have decisions reviewed where they believe the determination issued is substantially factually incorrect.

To accompany the Scheme an updated version of the OISC's complaints form was also produced. We were pleased to be able to publish a complaint form in a format that will now allow complainants to type onto the form and submit the complaint to the OISC electronically.

The 2015/16 business year also saw the completion of our work to develop a new Code of Standards. For the first time, the Code incorporates what was previously known as the Commissioner's Rules. The new document is more concise than the old Code and Rules and is laid out in a manner which we believe will make it easier for advisers to use. Some codes have been deemed to be redundant and new codes reflecting current practices have been introduced. A further major change is that the new Code of Standards has changed the emphasis from prescription to a more principle-based approach. This approach is consistent with other regulators, recognising the increasing professionalism of registered organisations while also providing protection to vulnerable clients. In support of the Code we have produced a set of Guidance Notes. The Guidance Notes do not form part of the Code but amplify and explain certain codes and provide indicative behaviours that the regulated sector and the OISC will use to ensure compliance with the Code. The new Code came into effect on 1 April 2016 and all OISC applications forms, model documents and practice notes available on the OISC website have been amended to ensure consistency with the new Code.

Assessing fitness and competence of new applicants

It is the statutory duty of the OISC to ensure those who are registered by the Commissioner are both fit and competent. This requirement is rigorously applied to both individuals and organisations seeking entry to the scheme and those already within the scheme. In the 2014/15 business year the OISC introduced a requirement for registered organisations to provide details of those responsible for either running and/or owning an organisation and a fitness declaration from these persons. Applicant advisers are required to provide a statement of fitness and competence and are subject to a Disclosure and Barring Service check. They are also required to undertake a formal written assessment of competence. In the 2015/16 business year 572 candidates took the Level 1 assessment, while 92 candidates took the assessment at Level 2 and 55 at Level 3. Of these, 25% of

Level 1 candidates were successful; 46% succeeded at the Level 2 assessment and 31% at Level 3. These figures are similar to last year's achievement figures when the same percentage of advisers passed at Level 1 (25%) but slightly more passed at Level 2 and 3 (51% and 41% respectively). In order to ensure that candidates have the best opportunity to perform well on the assessments the resource book that is made available to candidates in advance of the assessment has been updated quarterly. Furthermore, the sample papers, available for candidates on the OISC website, have been refreshed.

Questionnaires were also sent to all candidates who took assessments and consideration has been given to the 144 responses received. Amongst these responses were concerns that the case study within the Level 1 paper was only marked when the multiple choice section exceeded the pass mark. Candidates also indicated they would like to receive more detailed feedback on their papers. Both of these suggestions are being actively addressed.

Assessing fitness and competence of registered organisations

Once organisations have gained registration, an ongoing assessment of their fitness and competence is carried out through a programme of premises audits, compliance with CPD requirements and the investigation of any complaints received against registered advisers. All three processes contribute to the decision to grant or refuse the annual continued registration application.

In 2015/16 the OISC undertook 364 premises audits, adopting a risk-based approach to the selection of those organisations. Regulatory action may be taken against organisations which are found to be in breach of the Commissioner's Code of Standards particularly where there is evidence of serious breaches of fitness or competence, or repeated breaches of any code. For other organisations the issues identified at audit act as a notice to improve and our new outcome measures have allowed us for the first time to review the areas in which organisations are most commonly unable to meet the requirements of the Code. In the last business year, the foremost was diligence in client care with 59% of all premises audits recording this as an area in which organisations needed to improve. This was closely followed by the failure to keep adequate records which was noted in 55% of all audits conducted. The OISC will target these areas in practice notes, guidance and workshops going forward.

A review of our audit programme and process was undertaken this year by Home Office Internal Audit. This provided considerable assurance that we are selecting

the right organisations to visit and our processes for collecting and feeding back on audit findings are operating effectively. Organisations that are subject to a premises audit are also invited to feed back on the process and their experience of the audit. The OISC is pleased to report that the vast majority of advisers find the audits conducted to be a positive experience. 92% of the organisations that responded to the survey in the 2015/16 business year indicated that the audit was helpful to their organisation.

In relation to our CPD scheme: of the 1,899 individual advisers required to complete CPD hours in this business year, 1,777 (93%) fully completed and logged their required CPD hours by 31 March 2016. Of the remaining 7%, work continues to reconcile those that have completed the hours but simply failed to log them correctly. It is expected that the number of individuals found to be non-compliant will be much smaller.

The OISC currently provides 20 core immigration courses online, free of charge, to all regulated advisers to assist them in meeting their CPD requirements and to refresh their knowledge of immigration and asylum law. In the last business year, 11 courses were reviewed and updated with the remainder subject to ongoing monitoring. In addition, 15 have had a note added to their introduction alerting advisers of the impending changes brought about by the latest Immigration Act. 3,097 of these online courses were completed in the last business year. Other work undertaken this year in relation to the CPD programme has been an updating of the CPD site within the OISC website to improve security and functionality.

The investigation of complaints about registered advisers forms an important regulatory tool in the assessment of the fitness and competence of registered organisations and individuals. Last year we introduced new internal deadlines for the investigation of complaints. In 2015/16 we determined the vast majority (95%) within five months of receipt. This represents a significant improvement on previous years and is of great importance to advisers and complainants, both of whom will be anxious to have matters resolved as soon as possible. The number of complaints received against the registered sector has shown a small increase from 195 received in the 2014/15 business year to 225 in 2015/16. It was noted that a significant number of complaints received during the year appeared to be the result of registered organisations entering into contracts with third-party companies for the referral of clients. In the light of this, we wrote to all registered organisations in March warning them of the potential pitfalls of such contracts.

As with audits, our new outcome measures have defined and helped allow us to review the areas most commonly found to be in breach of the Code of Standards in

complaints received. Again, diligence in client care represented the most common breach with 95% of all complaints that were determined and substantiated raising this as an issue.

Efficiency and effectiveness

Caseworkers have this year made major advances in digital working. Correspondence with advisers and complainants is now conducted primarily by email with all the benefits of speed that this brings. Documents are also now stored electronically and the first steps have been taken towards online applications with the release of the electronic complaints form in November 2015. Work to convert all OISC application forms to an electronic format continues into the new business year.

This year we have made even better use of our database of registered advisers. This has been assisted by the transfer of the OISC software developers into the operations area. In addition to now being able to generate many more reports, such as those required to assess our performance against our output measures and outcome objectives, the developers have made significant improvements in ensuring all processes now operate through workflows within the database. This reduces the likelihood of human error and ensures greater accuracy of the register.

In line with the introduction of more principle-based codes, the OISC began in the 2014/15 business year to look for areas in which registered organisations could be encouraged to take more responsibility for improving and developing their businesses. In support of this guidance was published to help advisers deal more effectively with complaints made against them and new processes were established to assist organisations in preparing staff to raise their Level of authorisation, by working under supervision.

The success of the efforts to encourage advisers to deal effectively with complaints is difficult to measure since complaints that are successfully handled are unlikely to be received by the OISC. The overall number received this year has increased, albeit by a small amount (30 complaints). However, the percentage that the OISC has been able to close successfully through its redirection scheme (which enables some complaints to be redirected to the advice organisation to resolve itself under OISC scrutiny) has increased from 9% in 2014/15 to 17% in 2015/16.

In relation to supervision, the OISC has approved 53 advisers as supervisors, of whom 40 operate in the fee-charging sector and 13 within the non fee-charging sector. The implementation of the supervision scheme has allowed 78 supervised

individuals to work up to Level 1 or a higher Level under the supervision of an approved OISC supervisor. This is extremely valuable in terms of encouraging the development of skills and competence in the sector.

Legislative changes

The Immigration Act 2014 conferred on the Commissioner a number of new powers which allow the OISC to take proactive and prompt action against organisations or individuals found to be acting in an unfit or incompetent manner. It also provided the OISC with powers immediately to remove from the Register those advisers and organisations that are no longer practising. During 2015/16 the Commissioner put these new powers to good use, making three applications to the First-tier Tribunal (Immigration Services) (FTT) for the suspension of advisers charged with indictable offences involving dishonesty and deception. These applications were all successful. The Commissioner additionally applied for and was granted three “enter and inspect” warrants by the magistrates’ courts to conduct unannounced inspections of OISC regulated business premises.

Eleven organisations had their registration cancelled under new powers allowing the Commissioner to take action immediately without the need to await an application for continued registration. Such action was generally taken following the determination of a serious complaint or continued non-compliance with the Code and Commissioner’s Rules as found at premises audits. The new powers have also allowed us to remove from the Register 20 organisations that either no longer required registration or were no longer providing immigration advice and services. This prevented those seeking immigration advice and services from inadvertently contacting these organisations.

Working with advisers, advice organisations and other stakeholders

Premises audits and complaints investigations provide OISC caseworkers with opportunities to meet advisers and advice organisations face to face. Caseworkers are also available to deal with queries advisers may have regarding their regulatory responsibilities and any applications for continued registration or variation of registration the organisation make. The OISC is pleased to report that working relationships between caseworkers and advice organisations are generally extremely good. In 2015/16 much of our communication with the registered sector was focused on the new Code of Standards and ensuring that organisations understood the new Code and were prepared for its implementation on 1 April

2016. Three special edition newsletters were published during the business year. These aimed to explain the new codes and provide advice and guidance on how advisers could meet the new requirements. In March the first of a series of seminars on the new Code was delivered to advisers in London. Further seminars are planned for the year ahead both in London and a number of regional centres.

The OISC has in addition met a number of organisations from the voluntary and community sector seeking to set up supervision arrangements and training schemes. These meetings enabled us to assist and encourage those who may not have previously provided immigration advice and services to do so, particularly in specialist areas such as domestic violence and refugee welfare support where there appears to be decreasing provision of immigration advice. The OISC is mindful that areas of advice that have been in decline for some years, such as asylum, may be seeing a rise in the demand for advice and services. The OISC has worked to encourage organisations that may be seeking to meet this demand in new or innovative ways, but are concerned about the requirements of regulation, to meet with us at an early point. Further work in this area is planned in the year ahead. The OISC will consider when revising the Guidance on Competence how it might be adapted to meet any increased demand for immigration advice and services while maintaining at its core, protection of the client. It will also take into account changes as a result of the new Immigration Act 2016.

In 2015/16 the OISC continued to meet and communicate with other regulators such as the Solicitors Regulation Authority, the Bar Standards Board and the Chartered Institute of Legal Executives (CILEx). Issues of jurisdiction, supervision, best practice and access to advice and services have all been addressed, and particularly fruitful discussions have taken place with the Immigration Law Practitioners Association (ILPA).

Regulatory Statistics

Numbers of regulated organisations and advisers as at 31 March 2016

The data below show that during 2015/16 the overall number of registered organisations decreased by 55 with the number of authorised advisers decreasing by 189 (see Tables 1 and 2).

Tables 3 and 4 provide some information as to the Level of those that are regulated with 52% of organisations registered at Level 1, while Level 3 organisations represent 37% of registered organisations. Fewer organisations (11%) are registered at Level 2. However, in relation to the Level of authorisation of individual advisers within registered organisations, the majority of advisers (72%) are authorised to practise at Level 1. Level 3 advisers make up 18% of the advice sector and Level 2 advisers represent only 10%.

The Commissioner has seen a continuing trend of decreasing numbers of applications from new organisations to join the scheme, with 147 received in the 2015/16 business year as compared with 198 in 2014/15 and 235 in 2013/14.

The sector has seen a small decrease in the number of organisations leaving the scheme from 187 in 2014/15 to 183 in 2015/16, a figure that had risen in previous business years. In relation to individual advisers leaving the scheme, 570 left in 2015/16 compared to 664 in the previous business year. This has added to the sector's overall stability.

Of those that apply for registration only organisations that can demonstrate they are fit and competent are allowed entry into the scheme. In 2015/16, 53% of organisations that applied for registration were approved, with 42% being refused and 5% withdrawing during the application process.

In addition to advisers joining the scheme as part of an organisation's application for registration, the Commissioner considered 562 applications by individuals to join existing organisations. Of these applications 68% (381 advisers) were successful. The Commissioner also considered 1,163 applications for continued registration from organisations during this period. Of these applications a much higher proportion (98%) were successful at gaining continued registration, which suggests that the vast majority of those permitted entry to the scheme are found to be fit and competent to remain.

Table 1: Total number of regulated organisations

	As at 31 March 2016	As at 31 March 2015
Fee-charging	1,022	1,061
Non fee-charging	208 (plus 385 CABx operating at Level 1)	224 (plus 385 CABx operating at Level 1)
Total number of regulated organisations	1,615	1,670

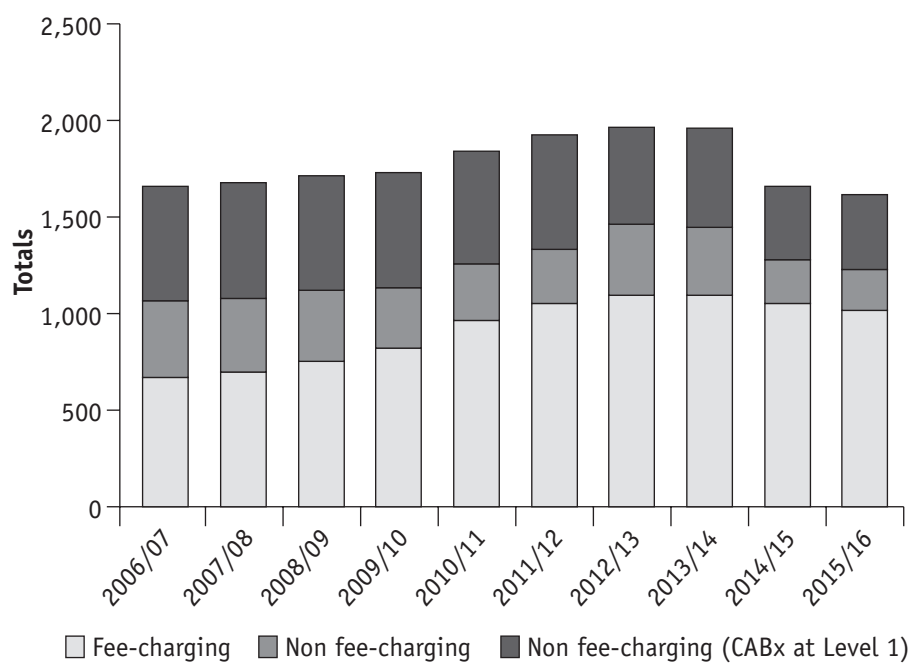
Figure 1: Fee-charging and non fee-charging organisations 2006–16

Table 2: Total number of regulated advisers

	As at 31 March 2016	As at 31 March 2015
Fee-charging	2,370	2,512
Non fee-charging (Excluding Level 1 CABx)	705	754
Fee-charging and non fee-charging* (Some advisers are both fee-charging and non fee-charging)	18	16
Total number of regulated advisers (Excluding 385 Level 1 CABx)	3,093	3,282
Total number of regulated advisers including CABx**	3,478	3,667

* Advisers who work for both fee-charging and non fee-charging organisations have not been double counted in the total.

**Includes one adviser for each CABx registered with the Commissioner at Level 1.

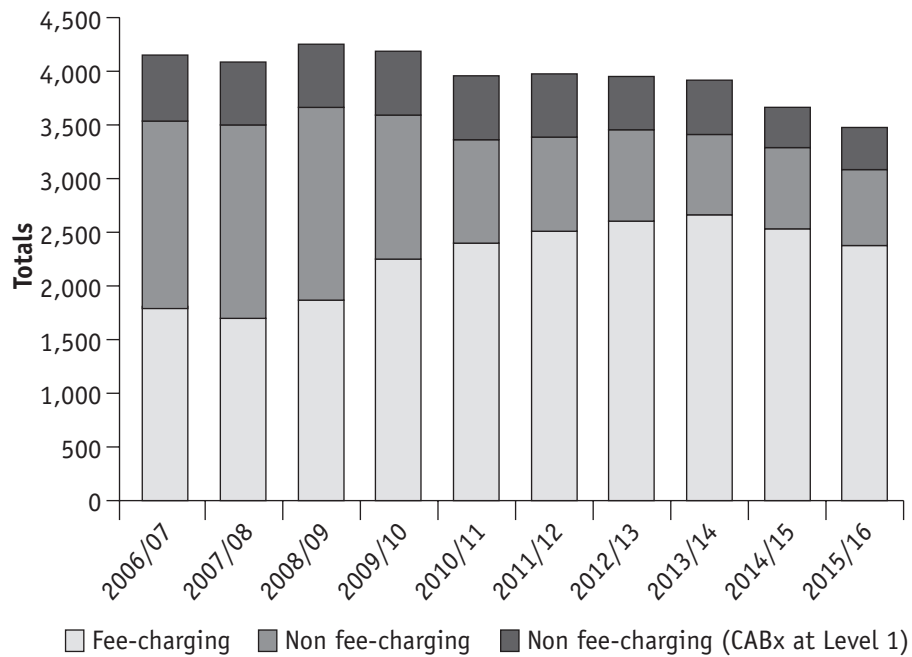
Figure 2: Fee-charging and non fee-charging advisers 2006–16

Table 3: Regulated Organisations by Advice Level as at 31 March 2016

	Fee-charging	Non fee-charging	Total
Level 1	541	102*	643*
Level 2	89	49	138
Level 3	392	57	449
Total	1,022	208*	1,230*

*This figure excludes 385 CABx registered at Level 1.

Table 4: Regulated advisers by Advice Level as at 31 March 2016*

	Fee-charging	Non fee-charging	Fee charging and non fee-charging*	Total
Level 1	1,703	514**	5	2,222**
Level 2	202	118	3	323
Level 3	465	73	10	548
Total	2,370	705	18	3,093

*Some advisers are both fee-charging and non fee-charging. Advisers who work for more than one organisation have not been double counted in the total.

**This figure excludes 385 CABx registered at Level 1.

Movement within the OISC regulated sector

An organisation that wishes to give immigration advice or services in the UK may only do so in compliance with the 1999 Act. As such, new organisations are required to apply for entry into the OISC scheme. Table 5 shows the number of such applications the OISC received during 2015/16 and how they were resolved.

Table 5: Applications by previously unregulated organisations to join the OISC regulatory scheme

	Fee-charging	Non fee-charging	Total
New Applications received	122	25	147
Applications brought forward from 2014/15	42	5	47
Applications approved	73	9	82
Applications refused	58	8	66
Applications withdrawn	5	3	8
Applications carried forward	28	10	38

Regulated organisations are normally required to apply annually for a continuation of their registration. Table 6 shows the number of such applications the OISC received during 2015/16 and how they were dealt with.

Table 6: Applications from regulated organisations for continued registration

	Fee-charging	Non fee-charging	Total
Continued registration applications received	968	181	1,149
Continued registration applications brought forward from 2014/15	50	26	76
Continued registration applications approved	946	197	1,143
Continued registration applications refused	7	3	10
Continued registration applications withdrawn	9	1	10
Continued registration applications carried forward	56	6	62

Registered organisations may seek to add new advisers to their staff or to increase the Level of their existing advisers and/or the Level of the organisation. Table 7 shows the number of such applications the OISC received during 2015/16 and the decision reached.

Table 7: Applications from regulated organisation to add new advisers or increase levels of operation

	Approved	Refused	Total
Applications for new advisers to join an existing registered organisation	381	181	562
Applications from registered organisations to change Level	65	8	73
Applications from registered advisers to change Level	72	40	112

Complaints

Complaints are an important element of the regulatory process. Complaints about registered advisers help the OISC to monitor competence and fitness while complaints about unregulated advisers help to bring illegal activity to the OISC's attention.

Table 8: Breakdown of complaints received 2001/02–2015/16

	Complaints about OISC regulated advisers	Complaints about advisers under approved regulators	Complaints about unregulated advisers	Total number of complaints received
2001 to 2011	2,323	1,402	1,254	4,979
2011/12	296	54	142	492
2012/13	290	58	113	461
2013/14	268	52	144	464
2014/15	195	52	147	394
2015/16	225	18	158	401
Total	3,597	1,636	1,958	7,191

Table 9: How the OISC disposed of complaint cases about regulated advisers*

Substantiated	Unsubstantiated	Re-directed and successfully resolved by organisation	Closed as outside time and/or jurisdiction	Closed due to insufficient evidence	Closed due to failure in complainant cooperation	Closed due to organisation no longer registered	Investigation suspended due to ongoing legal action	Total
103	11	36	2	21	8	33	0	214

*These totals include complaints carried forward from previous years.

Appeals, Courts and Tribunals

The OISC's in-house Legal Team is responsible for providing general legal advice and policy guidance to the Office. It oversees the conduct of cases in the civil courts and tribunals and assists the Commissioner in fulfilling his oversight regulation of the Designated Professional Bodies.

Appeals made against a Commissioner's appealable decision and charges brought by the Commissioner

The Commissioner has a statutory duty to ensure that advisers are fit and competent and to protect the public from those that are not. Removing an organisation or adviser from the regulatory scheme is a serious decision which the Commissioner does not take lightly. Such decisions, amongst others, carry a right of appeal to the First-tier tribunal (FTT), which also considers the Commissioner's applications to lay disciplinary charges against regulated advisers. If a charge is endorsed, the Tribunal may prohibit an adviser from giving immigration advice or services for a defined period or indefinitely.

During 2015/16 the Commissioner made 135 appealable decisions resulting in 10 appeals that were lodged with the Tribunal.

Appeals before the FTT can be heard "on the papers", where parties do not attend the hearing but submit relevant documentation for consideration. Often appeals lodged by appellants failing competency tests are dealt with by a paper hearing. If, however, appellants indicate that they would like to attend a hearing then both parties and witnesses are required to attend. If either party is dissatisfied they can appeal the FTT's decision to the Upper Tribunal (UT).

Table 10: Breakdown of appeals and charges 2006/07–2015/16

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Appeals lodged	14	11	8	6	7	10	6	11	13	10
Appeals allowed	0	1	1	2	0	3	2	0	1	2
Appeals dismissed	5	3	4	3	1	3	7	8	6	3
Appeals withdrawn	4	6	2	3	4	2	0	1	2	4
Charges brought	2	0	0	2	3	0	1	0	0	0

At the end of 2015/2016 there were four appeals still to be heard before the FTT and one matter before the UT.

In two of the appeals dealt with during 2015/16, the FTT agreed that the most efficient and conducive way of disposing of the matter was by way of a Consent Order. The FTT may make such an order where agreement has been reached between the parties and proceedings may be disposed of without a hearing. The Consent Order may be made by the FTT either before or during a hearing. In another appeal the Tribunal upheld the approach of the OISC to request that a registered adviser be re-tested by way of a written examination where the OISC had reason to be dissatisfied with their competence.

The FTT also upheld a “strike out” application made by the OISC where it was contended that the appellant had no reasonable prospect of success. In this application the OISC relied upon the competence assessment result and the fact that the evidence supplied by the appellant did not in any way mitigate their failure to pass the test. Moreover, a similar previous appeal had been lodged unsuccessfully by the same appellant.

The Legal Team also becomes involved in those matters that have been appealed to the higher courts and this year has been involved in cases before both the UT and the High Court.

As stated earlier, the Commissioner gained new powers under the Immigration Act 2014. In 2015/16 the Commissioner continued to use his powers to suspend advisers from the regulatory scheme if they were charged with indictable offences and/or those involving dishonesty and deception in accordance with Schedule 6, paragraph 4B of the Immigration and Asylum Act 1999. Since last year’s report the FTT has granted three such suspensions. These advisers remain suspended until their criminal cases are dealt with.

Ancillary legal activity

The Legal Team has this year overseen the effect on OISC advisers of new legislation concerning Alternative Dispute Resolution (ADR). The Alternative Dispute Resolution Consumer Disputes (Competent Authorities and Information) Regulations 2015 came into force on 1 October 2015. These require all fee-charging OISC organisations to notify dissatisfied complainants about ADR after they have exhausted their internal complaint handling procedure. The OISC has signed a Memorandum of Understanding with one of the approved ADR entities, Small Claims Mediation Ltd, to assist advisers and facilitate such mediation. While advisers can refer to any of the entities approved by the Chartered Trading Standards Institute, many of them are specialised and would not be appropriate for OISC-registered organisations.

In addition, since 15 February 2016, organisations that enter into contracts online must include a link to the Online Dispute Resolution Platform. All primary contacts at regulated organisations have been informed of these new obligations and the OISC's complaints procedure has been updated accordingly.

The team also deals with Freedom of Information and Data Protection requests. In 2015/16 the OISC was involved for the first time in a matter before the Information Rights Tribunal (IRT) and joined as a second respondent. The IRT hears appeals from decisions of the Information Commissioner. The appeal concerned the OISC's refusal (in accordance with section 93 of the Immigration and Asylum Act 1999) to disclose to the appellant Professional Indemnity Insurance (PII) details of an organisation that was no longer registered by the OISC.

The Commissioner's refusal was appealed to the Information Commissioner who upheld the decision not to disclose the requested details. The applicant then exercised their right to appeal this decision to the IRT. The appeal was heard in January 2016 and dismissed. The OISC was held to be correct in its approach of not disclosing the PII details.

This year, the team has become the centre point for all external and internal policy queries in respect of OISC legislative and jurisdictional matters. This has included liaising with other regulatory bodies such as the Bar Standards Board, the Solicitors Regulation Authority, CILEx and other interested parties.

The Deputy Commissioner's Report on Regulation by the Designated Professional Bodies of their Members

This Report, which is made in accordance with Part V of the Immigration and Asylum Act 1999, provides the Deputy Commissioner's opinion on the extent to which the Designated Professional Bodies (DPBs) have provided effective regulation of their members in the provision of immigration advice and/or services. The DPBs are the Law Society of Scotland, the Law Society of Northern Ireland, the Faculty of Advocates and the General Council of the Bar of Northern Ireland.

No complaints were received or were outstanding as at 31 March 2016 in respect of the Law Society of Scotland, the Faculty of Advocates or the Bar Council of Northern Ireland. During the course of the year OISC representatives visited the offices of the Law Society of Scotland, the Faculty of Advocates and the Law Society of Northern Ireland.

The Law Society of Northern Ireland (LSNI)

The LSNI received two immigration complaints in the year, one referral and one direct.

The referral concerned the services of an interpreter. The solicitor had said that he no longer required the use of the interpreter for his client in court. The interpreter complained about this action. The LSNI considered the complaint and was satisfied that a reasonable explanation had been made as to why the solicitor felt the interpreter was no longer needed. The solicitor also apologised for any embarrassment caused to the interpreter. The complaint was not upheld.

The direct complaint concerned the lack of supervision of an apprentice solicitor who had not sent a client care letter, updated the client or answered client emails. The LSNI sent a strongly-worded letter to the supervising solicitor stating its concern and seeking assurance that regulations would be complied with in the future, and warning that complaints of any further failings would be dealt with more seriously. The complaint was upheld.

Complaint referred to the Scottish Legal Complaints Commissioner

The OISC referred one matter to the Scottish Legal Complaints Commissioner during 2015/16. This case had not been determined by the year end.

Investigating Illegal Activity

The Intelligence and Investigations (I&I) Team is primarily responsible for dealing with complaints and breaches of sections 91 and 92B of the Immigration and Asylum Act 1999, including taking enforcement action against persons or organisations acting unlawfully. It particularly focuses on those that are causing the most harm or posing the greatest threat to consumers. The impact of illegal immigration advice offences on victims cannot be understated with many left having to fight to stay in the UK due to poor advice, having been relieved of large amounts of money and often feeling too vulnerable to complain and believing they have no redress.

The Investigations Unit consists of experienced investigators and is supported by the Intelligence Unit. The team assists in ensuring that victims know what information and support is available to them – from reporting the crime onwards – and where to obtain such help. The team also supports external partners in the investigation of section 91, section 92B and related fraud offences by way of providing assistance with search warrants, interviews conducted under the Police and Criminal Evidence Act 1984 (PACE), witness statements and giving evidence at court.

An outline of the offences

The Immigration and Asylum Act 1999 created the criminal offences of providing unqualified immigration advice or services concerned with applications made to enter or remain in the UK. The Act makes a distinction between advice and services, with the latter including making representations to courts, tribunals and government departments. There is also the associated offence of the unlawful advertising of the provision of immigration advice or services.

The Intelligence Unit

Under the direction of the Head of Intelligence and Investigations, the primary role of the Intelligence Unit is to provide supporting information to assist OISC caseworkers and investigators in their regulatory and investigative roles. In particular, caseworkers are provided with relevant information in support of their work on applications for registration and in carrying out premises audits, helping them to make informed decisions. Investigators are provided with relevant information concerning the providers of unlawful immigration advice and services, allowing them to target those who present the greatest cause for concern.

The work of the Intelligence Unit is compliant with the National Intelligence Model and in line with the "intelligence cycle", collating, analysing and disseminating new intelligence and information. This information is received from various sources (including the Home Office, the Solicitors Regulation Authority, Trading Standards and various police agencies) and is about prospective and registered advisers and alleged illegal activity. The unit also identifies high-risk organisations and responds accordingly. In addition, it monitors de-registered organisations to ensure they are not continuing to operate within the immigration advice sector whilst unregulated. This year the OISC established a Memorandum of Understanding with the Metropolitan Police Intelligence Bureau and progress is being made on establishing a similar Memorandum with the Police Service of Northern Ireland and Police Scotland.

The Investigations Unit

The Investigations Unit leads on our criminal prosecution casework for offences relating to the unlawful provision of immigration advice or services and unlawful advertising. Investigations can be carried out solely by the OISC or with key partner investigative agencies. Partnering is becoming increasingly common due to the complexities of investigations requiring the need for financial investigations and Confiscation Orders under the Proceeds of Crime Act 2002. The role of the investigating officer is to ensure that, as far as practicable, all information and evidence relevant to the investigation has been identified and secured. The Investigations Unit is very much victim-focused, notifying the victim at an early stage as to who is conducting the investigation and keeping them up-to-date throughout. It also provides support to caseworkers when conducting audits and applying for and executing "enter and inspect" warrants.

Investigative practice is becoming more challenging due to offenders not only using more sophisticated methods to provide unlawful immigration advice and services; but more importantly, to conceal their activity. The increasing use of call centres to mask the activities of unregistered advisers, the extensive amount of fraudulent activity and the use of encrypted electronic storage devices means investigative practices constantly have to adapt to overcome such barriers. The OISC investigative toolkit is limited to executing search warrants and conducting PACE interviews. We therefore rely on OISC investigators liaising with partner agencies to assist with financial investigations and digital forensic examinations. This year OISC investigations have benefitted from using the Home Office Immigration Enforcement Financial Investigation Team, Regional Asset Recovery Teams and a digital forensics expert. On the issue of search warrants, the unit

executed 18 in 2015/16 with all but one resulting in the seizure of relevant evidence, namely correspondence relating to Home Office immigration applications, bank statements and letters between client and adviser. Recognising that prosecution is not always possible, the unit also considers crime prevention and disruption strategies, again working with external partners, such as HM Revenue & Customs, Trading Standards and the Department of Work and Pensions.

Table 11: Section 91/92B convictions counted at date of sentence

2015/16	14
2014/15	12

During the period 2001–2016 the OISC has successfully brought 208 prosecutions.

Table 12: Formal cautions given by the OISC

2015/16	1
2014/15	4
2013/14	3

Table 13: Disposal of investigations 2015/16

Prosecution	Not in Public Interest	Under Approved Regulator	Cautioned	Witness / Suspect left UK	Insufficient evidence	Passed to OGD	Failure of witness co-operation	Outside time/ jurisdiction	Total
14	39	5	1	10	51	11	10	11	152

Table 14: OISC prosecutions 2015/16 – Heaviest sentencing outcome for each case

Custodial sentence	2
Suspended prison sentence	7
Community punishment order	2
Fine	2
Conditional discharge	1

New initiatives

The OISC has a statutory UK-wide responsibility to handle complaints from a variety of sources concerning the provision of unlawful immigration advice and services. The main source of complaints received is the general public. Despite our national remit our perception was that most complaints came from people residing within Greater London and the south east of England.

In 2015/16 a study was conducted to determine the geographical source of complaints made by the public concerning the unlawful provision of immigration advice and services. This was compared with published demographics showing how the migrant community is spread across the UK. As a result, this research identified the geographical areas where the OISC might usefully raise its profile and clearly supported the argument for more thought to be given to the development of proactive strategies. Proposals include regional multi-agency migrant forums, which are used to relay information to migrant communities concerning the risk of using unregistered advisers, and use of the "Adopt a Post Office" initiative to raise awareness among the local community. A pilot scheme has already commenced in Rotherham and, if successful, will be rolled out to other locations. Work is also being conducted to reinvigorate the working relationship with Immigration Removal Centres to highlight the vulnerability of detainees to unscrupulous advisers.

A potential risk to the OISC is that of failed prosecutions due to legal technicalities. Of particular concern was the downloading of documents stored in electronic formats seized during searches which may be open to challenge concerning their integrity and admissibility as they had not been evidentially captured by a qualified person. This risk has now been mitigated by the recent delivery of a digital forensics course to both investigators and our caseworkers. Free training to the Intelligence Unit concerning interrogating open source material on the internet anonymously for intelligence purposes has also been provided.

Case Study 1:

During 2015, the OISC became aware of a Sierra Leonean national who purported to be a solicitor and was using the name of a genuine legal practice. He provided immigration advice and services to approximately two hundred and fifty individuals mainly from the Sierra Leonean community, where fees of up to £6,000 were charged. The OISC prosecuted him at Southwark Crown Court and in June 2015 the defendant was found guilty on 10 counts of providing unlawful immigration advice and services in contravention of section 91 of the Immigration and Asylum Act 1999. On sentencing the Judge remarked: "I am satisfied that you are manipulative and greedy. You have been preying on vulnerable people who needed immigration advice. You knew what you were doing and you have done everything possible to avoid detection and conviction." He was sentenced to 15 months' imprisonment with the judge ordering financial inquiries to be conducted under the Proceeds of Crime Act, with a view to compensating the victims. As a result of the combined efforts of the OISC and the Metropolitan Police Regional Asset Recovery Unit, the individual was found to have benefited from his criminal activity to the sum of £500,000. He was ordered to pay back £55,000 of traceable funds with compensation being awarded to the victims.

Case Study 2:

The defendant pretended to be a regulated solicitor when, in fact, she had been suspended by the Solicitors Regulation Authority. A number of complaints were received from members of the public and an OISC investigation was initiated. Inquiries revealed that she had submitted in excess of 250 applications to the Home Office relating to various immigration issues and under the guise of multiple unregistered organisations. In January 2015 she was summoned to appear at Luton Magistrates Court, however she failed to appear. She was therefore convicted in her absence for four offences of providing unregulated immigration advice and services. A First Instance Warrant for the individual was issued by the judge and she was subsequently detained and brought before the court where she was sentenced to six months' imprisonment suspended for two years, a home curfew and compensation orders. On sentencing, the District Judge said he had: "...heard detailed evidence of the trail of destruction towards vulnerable people she left in her wake as she continued to practise. The damage is a very significant aggravating feature in this case...". This individual lodged an appeal against their conviction; however, in March 2016 this was dismissed by Luton Crown Court. She is presently awaiting an appearance at the Solicitors Disciplinary Tribunal and faces being struck from the Roll.

Case Study 3:

This was a joint investigation between the OISC, the Home Office's Immigration Compliance and Enforcement team (ICE) and the Metropolitan Police Service and was prosecuted by the Crown Prosecution Service. Significant work was carried out by an OISC investigator who assisted ICE, including executing search warrants, conducting PACE interviews and initiating a financial investigation. In January 2016 the individual was found guilty of five counts of providing illegal immigration advice and five counts of Fraud by False Representation (section 2 Fraud Act 2006) and sentenced at Isleworth Crown Court to nine months imprisonment for the section 91 offences and 18 months imprisonment for the fraud offences, to run concurrently.

Performance analysis

Key Performance Indicators

Introduction

The OISC measures its performance against Key Performance Indicators (KPIs). The data produced helps the organisation to examine and assess delivery of its key day-to-day functions. The OISC's current KPIs measure three main areas.

- Performance in relation to its regulatory activities. These KPIs monitor application processing, delivery of the OISC's audit programme, complaint resolutions, determinations and challenges to the Commissioner's decisions.
- Performance in relation to activity controlling illegal immigration advice and services.
- Performance in relation to internal operations, particularly acknowledgment of applications and complaints and payment of undisputed invoices.

KPIs that measure regulatory activity

The OISC receives a variety of applications including those from organisations wishing to join the regulatory scheme, apply for continued regulation, change their authorised Advice Level, change their advisers or make some other substantive alteration. The OISC aims to deal with such applications in a timely manner while ensuring that the organisations and advisers it approves are fit and competent.

a) KPIs – New applications

	<i>Target</i>	Outcome 2015/16	Outcome 2014/15
KPI 1a			
Percentage of completed Level 1 applications decided within 4 months of receipt	75%	87% ACHIEVED	69% (within 3 months)
KPI 1b			
Percentage of all completed applications decided within 6 months of receipt	85%	97% ACHIEVED	89%

All persons applying to join the regulatory scheme or to raise their Advice Level must have their competence assessed. Most applicants must take the OISC examination which since 2013 has been held monthly at an OISC test centre. Candidates applying at Level 1 are allowed one re-take of the examination.

The target the OISC set itself in 2014/15, to decide applications within three months proved to be too ambitious given the time required to sit the exam on two separate occasions. The more realistic target of four months introduced in 2015/16, while still a challenge, proved to be achievable. Our performance in respect of deciding applications at all OISC Levels improved and again met the KPI.

At the end of 2015/16, 38 applications remained open of which five had been open for at least six months (2014/15: 49 applications remained open of which one had been open for at least six months).

b) KPIs – Continued registration

	<i>Target</i>	Outcome 2015–16	Outcome 2014–15
KPI 2a			
Percentage of completed 'straightforward' applications decided within 15 working days of receipt	95%	99% ACHIEVED	97%
KPI 2b			
Percentage of completed applications decided within 3 months of receipt	90%	94% ACHIEVED	94%
KPI 2c			
Percentage of completed applications decided within 5 months of receipt	95%	98% ACHIEVED	96%

Following the re-categorisation of those organisations previously "exempted" by the Commissioner to "registered" status (introduced as a result of the Immigration Act 2014), 2015/16 was the first full year in which all organisations were required to apply for annual continued registration.

At the end of 2015/16 there were 62 applications open of which six had been open for at least five months (2014/15: 82 applications were open of which 10 had been open for at least five months).

c) KPI – Premises audits

	<i>Target</i>	Outcome 2015–16	Outcome 2014–15
KPI 3			
Number of premises audits undertaken in the Business Year	350	364 ACHIEVED	361

The OISC uses audits at an organisation's premises as an important regulatory tool to help it assess the fitness and competence of those wishing to be accepted into the scheme (pre-registration audit) and after entry. While the great majority of audits are pre-arranged, the Immigration Act 2014 gave the Commissioner the power to apply for a warrant to conduct an unannounced audit even at a private residence (where the residence is used to operate an immigration advice business). Our 2015/16 target remained the same as in 2014/15, and was to complete 350 audits. This was achieved. The decision about which organisations are to be audited is made according to our risk assessment process which takes into account intelligence, complaints received and relevant information about an organisation and its activities.

d) KPIs – Complaints

	<i>Target</i>	Outcome 2015–16	Outcome 2014–15
KPI 4a			
Percentage of written complaints about OISC advisers to be resolved within 5 months of receipt	75%	95% ACHIEVED	73%
KPI 4b			
Percentage of written complaints about OISC advisers to be resolved within 10 months of receipt	95%	99% ACHIEVED	96%

The Commissioner is a statutory complaint handler. While resolving a complaint may assist the complainant, the Commissioner is not an ombudsman. The primary function of complaints for the OISC is to support the regulation of immigration advice and services as they can indicate problems with an organisation or adviser or illegal activity. We recognise that it is important for all concerned parties that complaints are investigated quickly and thoroughly.

In 2014/15 we reduced the target time for KPI 4a from six months to five months and, for KPI 4b, from 12 months to 10 months. KPI 4a proved particularly challenging last year and resulted in the OISC setting internal time targets to assist the management of our investigations. The effectiveness of the changes can be seen through the OISC's improvement in the speed of complaint handling. This has not negatively impacted on the quality of complaint investigations. In recognition of this increased efficiency the OISC has set a more challenging target for KPI 4a for 2016/17, when it aims to decide 85% of complaints within five months.

50 complaints were brought forward from 2014/15. During 2015/16 the OISC received 225 complaints against OISC regulated organisations (2014/15: 195) and decided 214 complaints (2014/15: 234). 45 complaints (22% of the complaints received during the period) met a set criteria and were re-directed to the respective organisations against which they were made (2014/15: 44 re-directed complaints; 23%). 61 complaints have been carried forward into 2016/17.

e) KPI – Appeals

	<i>Target</i>	Outcome 2015–16	Outcome 2014–15
KPI 5			
Percentage of Commissioner's decisions to stand following an appeal lodged with the First-tier Tribunal (Immigration Services)	75%	78% ACHIEVED	94%

Various decisions made by the Commissioner, such as the refusal of continued registration, are appealable. During 2015/16, 135 appealable decisions were made (2014/15: 137).

During 2015/16, 10 appeals challenging the Commissioner's decision were lodged with the Tribunal and 11 cases were considered by the Tribunal, which included two cases that were ongoing from 2014/15.

The Commissioner's decision was upheld in seven and not upheld in two of the cases heard during the year. There were two cases that were dealt with by way of a Consent Order and therefore have been separately noted. Four cases were ongoing at year end (one appeal has been stayed pending the outcome of criminal proceedings).

KPI that measures the OISC's control of illegal immigration advice and services activities

f) KPI – Convictions

	<i>Target</i>	Outcome 2015–16	Outcome 2014–15
KPI 6			
Number of successful prosecutions by the OISC of section 91 or section 92B offences under the Immigration and Asylum Act 1999	25	14 NOT ACHIEVED	12

The OISC carried out a major reassessment of how its work on dealing with unregulated organisations should be counted for the purposes of KPI data in 2013/14. We decided to introduce a new KPI in 2014/15, being a target of a minimum of 25 successful prosecutions by the OISC of section 91 (giving advice while unregulated) or section 92B (advertising the provision of unregulated immigration advice) offences. This was recognised as a stretching target and we failed to achieve the target in 2014/15, securing 12 convictions. In 2015/16, we again failed to achieve the target of 25, but increased the number of convictions to 14. In light of this we have reduced the target for 2016/17 from 25 to 20 convictions.

Although the OISC has not met this KPI over the last two years, this must be placed in context, with recognition and acknowledgement given to the substantial work the Intelligence and Investigations Team has done as documented in the overview section of this Performance Report.

KPIs that measure the performance of internal operations

g) KPIs – Internal response targets – Acknowledgements

	<i>Target</i>	Outcome 2015–16	Outcome 2014–15
KPI 7a			
Percentage of applications acknowledged within 5 working days of receipt	95%	100% ACHIEVED	100%
KPI 7b			
Percentage of written complaints acknowledged within 5 working days of receipt	95%	98% ACHIEVED	100%

The OISC believes that it is important to ensure that those communicating with us receive a swift reply and has a response target of five working days for acknowledging both applications and complaints.

h) KPIs – Internal response targets – Finance

	<i>Target</i>	Outcome 2015–16	Outcome 2014–15
KPI 8a			
Percentage of undisputed invoices paid within 10 working days	60%	90% ACHIEVED	79%
KPI 8b			
Percentage of undisputed invoices paid within 20 working days	80%	98% ACHIEVED	95%
KPI 8c			
Percentage of undisputed invoices paid within 30 working days	100%	100% ACHIEVED	99%

Outcome Objectives

The OISC has continued to develop the use of outcome objectives to enable it to concentrate on improving the delivery of its statutory and organisational aims and objectives.

Objective 1: Only those applicants who demonstrate they are fit and competent will be authorised to practise under the OISC regulatory scheme.

Within this objective the Commissioner seeks to evaluate applications that are made to the OISC for regulation and how the OISC's processes carried out at this initial entry stage translate into decisions as to whether organisations and individual advisers are fit and competent to work. This includes the scope and extent of work the applicant seeks. The purpose of this objective is to provide reassurance that robust decisions are being made on applications for authorisation to practise.

Objective 2: OISC regulated organisations and advisers comply with the Code of Standards for the benefit of clients and other stakeholders.

Within this objective the Commissioner seeks to consider the extent to which regulated organisations adhere to the codes and how compliance is enforced. The Commissioner believes that organisations acting in compliance with the Code will meet clients' and other stakeholders' needs in the provision of immigration advice and services.

Objective 3: The OISC takes action to counter the provision of illegal immigration advice.

Within this objective the Commissioner seeks to identify the extent of illegal activity and assess the actions taken by the Office to counter such activity along with our success in doing so.

Objective 4: The OISC is a fit for purpose public service regulator.

Within this objective the Commissioner seeks to consider how the OISC carries out its regulatory functions, assessing whether it meets its statutory obligations and conducts its business in an appropriate, effective and efficient manner.

To ensure that our work on outcome objectives was developing in the right direction, in 2015/16 the OISC's Audit and Risk Assurance Committee invited Home Office Internal Audit to carry out a review of our work in this area. The resulting report provided assurance that the OISC had made good progress in collating relevant data sets within the organisation and that they were being analysed to support the measurement of outcome objectives. The report further

identified that the project would benefit from a clear line of sight from the outcome objectives through to the measurement results and made five recommendations to achieve this which the OISC accepted and implemented. This has resulted in greater explanation of the objectives' descriptions, a set of baseline indicators and a wider evidence base that includes qualitative data sets that can be directly mapped to each objective, thereby providing greater assurance as to the impact we are having on the immigration advice sector.

Issues identified from outcome objective data

Quarterly analysis of the data sets during 2015/16 has identified the following areas of interest.

- **Competence assessment**

The pass rate of those taking the OISC competence assessment at Level 1 during the four quarters of 2015/16 has been between 22% and 37%. The OISC considered if it were possible to make changes to the assessment process that maintained the standard required but provided candidates with an increased opportunity to meet it. As a result, during 2016/17 the OISC will be making various changes to the competence assessment process.

- **Breaches of the Code of Standards**

During 2014/15 we worked on categorising the various requirements of the Code of Standards and collecting data as to which Codes were found to be breached following premises audits and the investigation of complaints. This important area of work will assist the OISC in being able to target areas of activity that require improvement in a supportive way across the whole sector using mechanisms such as guidance notes, explanatory newsletters, e-mails to organisational contacts and workshops.

- **Churn**

Until 2014/15, the number of organisations regulated by the OISC increased slightly year on year. However, this concealed the significant churn in the sector as indicated by the high number of applications from new organisations and also the high number of those leaving the scheme. Organisations that are only in the scheme for a short period are often neither good for clients nor for the sector as a whole. Hence, the OISC has been keen, where it has been able, to put in place procedures that enhance the likelihood of organisations being able to maintain their immigration practice over a sustained period of time.

While it is too early to make any compellingly evidenced statements, the data the OISC has collected in 2015/16 have shown through some indicators that while

there remains a number of organisations that enter the scheme and leave it again within a short time, there is a solid and extensive core of organisations and advisers that have been in the scheme for at least five years.

In the OISC's 2014/15 Annual Report we identified areas of work that required further research in 2015/16. The following provides the results of that research.

- **Re-directed complaints**

We were concerned how few of the complaints the OISC received which were referred back to the organisation for them to deal with through their own complaint handling process (under OISC scrutiny) were resolved to the OISC's satisfaction. An in-depth review of complaints handled under the re-direction scheme in the first six months of the year found that 24 out of 40 re-directed complaints were resolved satisfactorily by the organisation. Of the remainder, we recovered 14 from the re-direction process as, in addition to the issues raised by the complainant, potential further breaches of the Commissioner's Rules and Code of Standards had come to light which were sufficiently serious to require investigation by the OISC. Two complaints were withdrawn by the complainant.

- **Use of disciplinary charges**

The data showed that the OISC rarely took disciplinary charges against a regulated adviser before the First-tier Tribunal (Immigration Services). The research showed that the benefits of its use are often outweighed by the cost. Disincentives include the investment of resources, the length of time it takes for a charge to be heard at the Tribunal and the fact that the burden of proof is on the Commissioner to prove the facts relied upon. More importantly, alternative and more efficient options for achieving a similar result are often available – for example, removal of an organisation or adviser from the regulatory scheme through refusal of an application of continued registration and use of the Commissioner's power (granted under the Immigration Act 2014) to cancel with immediate effect the registration of those he no longer believes to be fit and competent. These mechanisms have the advantage of being faster, require fewer resources and both place the burden of proof on the organisation or adviser.

However, disciplinary charges will remain an option for the Commissioner where the issues are of such seriousness that the public requires protection from the adviser such that prohibition from giving any immigration advice within the United Kingdom for an extensive period of time is required. Additionally, where the adviser has charged such unreasonable fees to the client and there

is reasonable prospect that the Tribunal will see fit to order them to repay such fees as it may determine, a disciplinary charge will be considered.

- **Use of intelligence**

Changes were made to our processes so that intelligence the OISC receives about the regulated sector undergoes scrutiny and assessment of its value at an early stage. This means that only intelligence that meets a set of criteria is processed, but is done so quickly and passed to the caseworker for action – such as altering the risk level or carrying out a premises audit of the organisation. Intelligence assessed as being of little current value is documented for future analysis and filed to be re-considered should further intelligence be received.

Dr Ian Leigh

Deputy Immigration Services Commissioner and Accounting Officer

12 July 2016

Part 2: Accountability Report

Corporate Governance Report

Directors' Report

This Statement of Accounts reports the results of the Office of the Immigration Services Commissioner (OISC) for the year 1 April 2015 to 31 March 2016 and incorporates the content required with a 'Directors' Report', which is required by the Government Financial Reporting Manual (FReM) and in our case would be a 'Commissioner's Report'. It has been prepared in accordance with the Accounts Direction given by the Secretary of State for the Home Department with the consent of HM Treasury, in accordance with Schedule 5 paragraph 20 (1 and 2) of the Immigration and Asylum Act 1999 (the Act).

1. History

The OISC was established on 22 May 2000 by authority of the Act.

The Act established the OISC as an independent body with a remit to promote good practice by those who provide immigration advice or immigration services and to ensure that those who do so are fit and competent. The OISC was also to operate a complaints scheme regarding all who provide immigration advice or services.

The OISC has the status of an executive non-departmental public body established by statute. It is financed by Grant-in-Aid from the Home Office. The Home Secretary is answerable to Parliament for the OISC and is responsible for making financial provision to meet its needs. The Commissioner is a Corporation Sole.

The Act provides that the OISC shall have a Commissioner and Deputy Commissioner appointed by the Secretary of State.

The OISC occupies offices at 21 Bloomsbury Street, London WC1B 3HF.

2. Principal activities

The OISC carries out the statutory functions set out in the Act, namely to:

- promote good practice by those who provide immigration advice or immigration services;
- decide if it needs to make or alter rules regulating any aspect of the professional practice, conduct or discipline of:
 - a) registered persons; and
 - b) those employed by, or working under, the supervision of registered persons in connection with the provision of immigration advice or immigration services;
- register qualified persons under section 84 (2) of the Act;

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- prepare and maintain a register of qualified persons registered under the Act, which must be available for inspection during reasonable hours and copies of the register must be provided on payment of a reasonable fee;
 - prepare and issue a code setting standards of conduct, which those to whom the code applies are expected to meet;
 - establish a scheme for the investigation of relevant complaints made to the OISC in accordance with the provisions of the scheme;
 - determine complaints under the complaints scheme and give a decision in writing; and
 - investigate all allegations of criminal behaviour involving the unlawful provision of immigration advice or services, or the advertising of such, and where necessary prosecute offenders through the criminal courts.

In carrying out these functions the OISC seeks to ensure that customers are dealt with effectively and expeditiously and that its services are delivered in ways appropriate to its stakeholders' needs. The OISC also seeks to promote public understanding of its role and to bring its existence and purpose to the attention of those seeking or providing immigration advice or services.

3. Commissioner and Deputy Commissioner

The Home Secretary under the Act appointed Suzanne McCarthy as the Immigration Services Commissioner for a period of five years from 5 September 2005.

Mrs McCarthy was subsequently reappointed to serve for a second term until 4 September 2015. The Home Secretary also under the Act appointed Dr Ian Leigh as Deputy Immigration Services Commissioner for a period of five years from 7 February 2011. Dr Leigh was subsequently reappointed to serve for a second term until 6 February 2021.

During the year 2015/16 neither the Commissioner nor the Deputy Commissioner held company directorships or other significant interests which could have posed a conflict with their management responsibilities at the OISC.

In addition to holding the post of Immigration Services Commissioner (the Commissioner worked 0.60fte until 4 September 2015), Mrs McCarthy held the following public appointments:

- Non-Executive Director – Human Tissue Authority
- Chairman – General Chiropractic Council
- Independent Appointed Person – Greater London Authority
- Independent Appointed Person – London Emergency and Fire Planning Authority

Information on salary and pension entitlements for the Commissioner and Deputy Commissioner is contained in the Remuneration and Staff Report.

4. Results for the period

The accounts for the year 1 April 2015 to 31 March 2016 are set out on pages 66 to 69. The notes on pages 70 to 80 form part of the accounts.

In accordance with Schedule 5 paragraph 20 of the Act, the OISC's financial statements cover the period 1 April 2015 to 31 March 2016, and are prepared on an accruals basis in accordance with the Accounts Direction issued to the Commissioner by the Secretary of State for the Home Department with the consent of HM Treasury.

Grant-in-Aid from the Home Office funds the activities of the OISC. In 2015/16 the resource allocated to the OISC by the Home Office was £3,611,210 (2014/15: £3,927,000). This resource has been used efficiently to meet the year's business plan targets.

The total expenditure for the year was £3,613,358 (2014/15: £4,015,251) of which £2,579,293 (2014/15: £2,630,804) were employment costs.

5. Research and development

There were no capitalised development costs on the CPD platform during the year ended 31 March 2016 (2014/15: £Nil) and £Nil (2014/15: £28,295) on developing online application forms.

6. Changes in non-current assets

The OISC purchased additional non-current assets worth £29,410 (2014/15: £208,142).

7. Compliance with public sector payment policy

The OISC policy, in line with Government policy introduced in October 2009, is to pay all invoices within 10 days of receipt, unless a longer payment period has been agreed or the amount billed is in dispute. In the year ended 31 March 2016: 90% (2014/15: 79%) of invoices were paid within 10 days of receipt.

In November 1998 the Late Payment of Commercial Debts (Interest) Act came into force. This provided small businesses with a statutory right to claim interest from large businesses (and all public sector bodies) on payments that are more than 30 days overdue. Amended legislation (the Late Payment of Commercial Debts Regulations 2002) came into force on 7 August 2002 providing all businesses,

irrespective of size, with the right to claim statutory interest for the late payment of commercial debts. No such claims were received during the year.

8. Environmental policy

The OISC is not required to provide a sustainability report but seeks to minimise the impact of its activities on the environment. It has adopted the Home Office Environmental Policy in so far as it applies to the OISC. The OISC benefits from energy saving lighting in its office premises, and seeks to use recycled materials where such alternatives are available and provide value for money. It seeks to reduce the use of paper by maximising its use of intranet and website for the dissemination of information. The OISC also sorts its waste paper and other waste for recycling purposes.

9. Employment policies

The employment policies adopted by the OISC seek to create an environment in which all employees can give their best, and can contribute to the OISC's and their own success.

10. Future developments

The OISC will continue to concentrate on delivery of its principal activities in order to ensure that those who provide immigration advice or services are fit and competent to do so and to counter unregulated activity. The OISC intends to maintain and build on the respect and recognition it has achieved both with regard to the contribution it makes to the sector and the experience it has gained since it began operating. The OISC will work to remain an effective regulator both by ensuring that advisers give a good quality service to their clients and by providing a good service to regulated advisers and to others in the sector.

11. Going concern

The OISC's bid for 2016/17 Grant-in-Aid was approved with a 3.53% (2014/15: 5%) decrease in line with reductions in public spending.

Despite the fact that the Triennial Review had not been published, there is a reasonable expectation that the OISC will continue in operational existence in 2016/17 and for the foreseeable future. Accordingly, we continue to adopt the going concern basis in preparing the annual report and accounts.

Statement of Accounting Officer's Responsibilities

Under the Immigration and Asylum Act 1999, the Secretary of State has directed the Immigration Services Commissioner to prepare for each financial year a Statement of Accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the OISC and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual (FReM) and in particular to:

- observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the FReM have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

The Accounting Officer of the Home Office has designated the Immigration Services Commissioner as the Accounting Officer of the OISC. Following her departure in September 2015, he appointed Dr Ian Leigh as temporary acting Accounting Officer. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the OISC's assets, are set out in the Accounting Officers' Memorandum issued by HM Treasury.

As Accounting Officer I confirm that:

- there is no relevant audit information of which the auditors to the Office of the Immigration Services Commissioner are unaware;
- I have taken all the steps I ought to ensure that the said auditors are aware of relevant audit information;
- I have taken all the steps I ought to establish that the said auditors are aware of such information; and
- I take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

The Governance Statement

Overview

In the current absence of an Immigration Services Commissioner I am accountable for all actions of the OISC. I am the organisation's Accounting Officer and Consolidation Officer, and I am responsible for safeguarding the public funds for which I have charge, for ensuring propriety and regularity in the handling of those funds and for the OISC's day-to-day operations and management. I am answerable to the Home Secretary for the OISC's activities and performance, and accountable to Parliament through her. The arrangement under which I am acting in place of the Commissioner has had no adverse effect on the corporate governance of the OISC.

I am advised by an Audit and Risk Assurance Committee (ARAC), consisting of four non-executive members, one acting as chairman. This Committee's main aims are to support me in ensuring the proper stewardship of the OISC's resources and assets; to oversee financial reporting; and to monitor the effectiveness of the OISC's audit arrangements, governance, and the management of risk. The Committee meets at least four times a year. Its meetings are attended by the Commissioner, the Deputy Commissioner and the Head of Finance, together with representatives of the OISC's internal and external auditors: Home Office Internal Audit (IA) and the National Audit Office (NAO) respectively. The Chairman, Terry Price, and one Member (Alan Rummins) attended all four meetings held during the year; the other two Members (John King and Peter Wrench) each attended three meetings.

Ministerial confirmation of the OISC's continuing existence as an executive, non-departmental, public body in October 2011 enabled a challenging and innovative three-year Corporate Plan to be developed for the period 2012-15. In the autumn of 2014 it was agreed with the Home Office that the OISC's 2012-15 Corporate Plan should be extended for a further year until March 2016 pending:

- the outcome of a subsequent triennial review undertaken between October 2014 and May 2015;
- the appointment of a Commissioner to replace Suzanne McCarthy from September 2015; and
- clarification of government priorities following the General Election to be held in May 2015.

The Business Plan for 2015/16 contained targets specifically aimed at continuing to improve the effectiveness of the OISC's regulatory operations. Major activities

included: finalising and preparing for implementation of the new Code of Standards on 1 April 2016; refining the outcome objectives which were trialled throughout 2014/15; and undertaking new duties and exercising new powers acquired by the OISC through the Immigration Act 2014. This 2015/16 Plan was approved by the Home Office in February 2015 subject to "...the possibility that operating priorities may require to be changed during the year as a result of matters arising from the Triennial Review."

As the first two issues listed above have not yet been resolved, with the agreement of the Sponsor Unit a Business Plan for 2016/17 was submitted to the Home Office for approval based upon the 2012-15 Corporate Plan, but taking into account issues raised during the triennial review process. The Home Office is expected to approve this Plan, subject to changes necessary to match a further reduction in funding in 2016/17 and any new initiatives to be introduced by the incoming Commissioner.

The OISC operates under the terms of a Management Statement and Financial Memorandum agreed with the Home Office in September 2006. The parties have held discussions about the terms of a new Framework Document, but it is understood that the Home Office is deferring its finalisation until the Triennial Review has been published and a Commissioner appointed.

The OISC does not have a management board with non-executive members. The organisation's executive Senior Management Team (SMT) acts in that capacity, meeting monthly to monitor, report and advise upon financial, operational and strategic issues for which I maintain personal responsibility.

The SMT reviews the financial accounts at each meeting. Defined expenditure authorisation limits are in place, and the team compares actual costs with approved budgets on a monthly basis. The agenda for every meeting also includes consideration of key performance indicators and reports from section managers. All corporate policies are reviewed on a rolling three-year cycle (or earlier if changes are required), and these are available to all staff electronically. The corporate risk register is owned by this group and is reviewed by them quarterly. Copies of the SMT's Board papers, including minutes, are circulated on a monthly basis to ARAC members.

I receive external assurance on the robustness of the OISC's corporate governance arrangements principally through a formal audit undertaken annually by the IA.

Audit and Risk Assurance Committee (ARAC)

An Audit Committee was set up in November 2001 and was chaired by the, then, Commissioner until the appointment of a non-executive Chairman in March 2003. The Committee's terms of reference and its effectiveness are reviewed annually. The members of the current ARAC are all subject to annual performance appraisal and their terms of appointment are:

- Terry Price – reappointed until 31 December 2016
- John King – reappointed until 31 December 2016
- Alan Rummins – reappointed until 31 December 2016
- Peter Wrench – reappointed until 31 December 2016

Risk management

The OISC maintains a Corporate Risk Register which clearly identifies risks, mitigation measures and responsibilities. This Register is formally considered and updated at least every three months by the SMT, and it is reviewed by the ARAC at each of its meetings. Every OISC team maintains a more detailed local risk register which informs, and is informed by, the corporate document. Risk registers are held electronically and are accessible to all staff. In 2015/16 key areas covered by the OISC's Corporate Risk Register included: financial management; relationship with government; new legislation; reputation; information security; staffing; and accommodation.

The OISC has been exposed to four significant risks during the financial year which are worth highlighting.

The first risk relates to resources. For 2015/16 the OISC was granted funding 5% less than its Business Plan required. Because of the largely fixed nature of its costs (salaries and accommodation together account for 83% of the budget) the OISC was not able to make permanent savings which would allow it to reduce costs by this amount. The organisation is not reporting a deficit for the year having received a number of unexpected refunds principally in relation to its move to new accommodation in May 2014, but the situation remains challenging with the OISC's budget being reduced by a further 3.5% in 2016/17 to £3.62M.

The second major risk relates to uncertainty generated by the delay in publication of the Triennial Review of the OISC that commenced in October 2014. Although the organisation continued to undertake all its statutory duties and responsibilities (and to improve the efficiency and effectiveness of operational delivery), absence of Government confirmation of the OISC's future direction and approval for the appointment of a new Commissioner constrained longer-term planning.

The third highlighted risk relates to the OISC's desire to enhance its efficiency and customer service by introducing electronic application forms and payment mechanisms. As reported last year, the project to realise this ambition encountered major problems. By the summer of 2015 (some 18 months after its inception) the OISC concluded that there was no longer any realistic prospect of the project delivering the promised outcomes and it was abandoned. However, I remain committed to moving rapidly towards digital delivery and the OISC has therefore embarked upon a major in-house programme to convert its principal forms into electronic format. Although this will not provide the full functionality envisaged by the unsuccessful Home Office project (specifically, online payment will not be feasible) it will still deliver a major improvement to the customer experience.

The fourth risk arose from a one-off incident when it was alleged that a member of staff had attempted to access confidential information for personal purposes. The matter was thoroughly investigated in accordance with OISC policies. As a result, a series of improvements have been made to internal processes and arrangements have been made for staff to receive refresher training from the Home Office.

Internal audit

The OISC appointed the Home Office (Internal Audit Services) to provide internal audit services from 1 April 2001. The Home Office Audit Committee agreed centralised funding from 2015/16 onwards, which resulted in no recharge cost to the OISC.

A wide-ranging programme of internal audit is undertaken each year. This addresses activities identified by management, the auditors and ARAC, and is informed by an analysis of the risks to which the OISC is exposed and by the Home Office's Assurance Framework. In 2015/16 audit studies were undertaken as follows:

- consultancy on OISC Outcome Objectives;
- review of KPIs 4 & 8;
- review of OISC Investigation Processes;
- review of OISC Audit Processes for Regulated Advisers;
- review of OISC Health & Safety and Physical Security; and
- review of OISC Corporate Governance.

The opinion given on all these reviews was "moderate" assurance, confirming that the systems reviewed generally operate effectively with no critical actions being

identified. These audits continue to be useful in identifying areas where systems which work effectively on a day-to-day basis could be made more robust by reviewing and updating the formal procedures which underpin them. Recommendations for improvement identified from each of these reports have been or are being addressed and progress is reviewed on a quarterly basis by ARAC.

Internal Audit's Annual Opinion based on the audit coverage during 2015/16 has concluded that: "Identified strengths in the control, risk and/or governance arrangements increase the likelihood that objectives will be met. Although there is a need for improvement in specific areas, systems generally operate satisfactorily." This resulted in an overall Assurance and Opinion Rating of "Moderate" and a "Steady" Direction of Travel.

External audit

Arrangements for external audit are provided under Schedule 5 paragraph 20 of the Act which requires the Comptroller and Auditor General to examine, certify and report on the Statement of Accounts and to lay copies of it before each House of Parliament. The fee for this service during 2015/16 was £19,000 (2014/15: £19,000). The fee for Internal Audit work undertaken by the Home Office Internal Audit for the full Home Office Group (core Home Office and arm's-length bodies) is presented to Home Office centrally rather than charging individual arm's-length bodies separately.

Other matters

The OISC's Whistleblowing Policy has been substantially revised during the year to reflect new government guidance in this area. All staff have been alerted to the changes and a copy of the new Policy has been published on the OISC website. No incidents were reported under this Policy during the year.

Managing the risk of financial loss, handling information risk, Health and Safety plans and security incidents are subject to well-defined processes which are reviewed at appropriate intervals. One incident (described above) occurred during the year which required reporting to the Home Office; but the attempted breach was identified swiftly and prompt action was taken to mitigate the effects and to strengthen processes to minimise the possibility of a recurrence.

Notwithstanding this isolated incident, I am satisfied that the resources for which I am responsible continue to be subject to appropriate control.

Remuneration and Staff Report

Audit

The remuneration and staff reports on pages 54 to 60 are audited by the NAO, the OISC's external auditors. The rest of this report is not subject to audit.

Remuneration Report

Part V of the Immigration and Asylum Act 1999, as amended, created the role of the Immigration Services Commissioner and the Office of the Immigration Services Commissioner, an independent, UK-wide, non-departmental public body. The Commissioner (or in her absence, the Deputy Commissioner) heads the OISC, and she and the Deputy Commissioner are Ministerial appointees. Suzanne McCarthy took up her appointment on 5 September 2005, and was re-appointed for a second five year term, finishing on 4 September 2015. Dr Ian Leigh took up his appointment as Deputy Commissioner on 7 February 2011 for five years in accordance with schedule 5 of the Immigration and Asylum Act 1999. Dr Leigh was subsequently, reappointed to serve for a second term until 6 February 2021.

Remuneration Policy

The Commissioners' salaries are determined by the Secretary of State. Salary increases are awarded in accordance with the Senior Salaries Review Body's annual recommendations.

Salary and Pension Entitlements

The following sections provide details of the remuneration and pension interests of the most senior members of the OISC.

"Salary" includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowances to the extent that it is subject to UK taxation.

	2015/16						2014/15				
	Salary (excluding non-consolidated performance pay)	Non-consolidated performance pay	Benefits in kind	Pension-related benefits accrued in year	Total		Salary (excluding non-consolidated performance pay)	Non-consolidated performance pay	Benefits in kind	Pension-related benefits accrued in year	Total
	£'000	£'000	Nearest £00	£'000	£'000		£'000	£'000	Nearest £00	£'000	£'000
Suzanne McCarthy Commissioner*	25-30 * 110-115**	0	0	187-188	215-220* 300-305**	Suzanne McCarthy Commissioner	65-70* 110-115**	0	0	45-50	110-115* 190-195**
Dr Ian Leigh Deputy Commissioner	55-60* 70-75**	0	0	23-24	80-85* 90-95**	Dr Ian Leigh Deputy Commissioner	55-60* 65-70**	0	0	15-20	70-75* 90-95**
Band of Highest Paid Commissioner's Total Remuneration (£'000)	110-115					Band of Highest Paid Commissioner's Total Remuneration (£'000)	110-115				
Median Total Remuneration (£'000)	35					Median Total Remuneration (£'000)	37				
Ratio	3.1					Ratio	3.0				

There were no bonuses paid in the year.

* The Commissioner works 0.60fte (until 4 September 2015) and Deputy Commissioner works 0.83fte.

** Full time equivalent salary

Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the OISC and treated by HM Revenue and Customs as a taxable emolument. Neither the Commissioner nor the Deputy Commissioner received benefits in kind for 2015/16 or 2014/15.

Pension benefits

	Accrued pension at pension age as at 31/3/16 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/15	CETV at 31/03/16	Real increase in CETV as funded by employer
	£'000	£'000	£'000	£'000	£'000
Suzanne McCarthy Commissioner	£95–100	£7.5–10.0	£1,552	£1,695	£161
Dr. Ian Leigh Deputy Commissioner	£0–5	£0–2.5	£45	£70	£17

Audit and Risk Assurance Committee (ARAC)

The non-executive members of the Audit and Risk Assurance Committee are paid £350 per day (£400 Chair of Committee) plus travel costs for attendance at ARAC meetings. None has received more than £2k during the year.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. Whilst they are not civil servants, OISC staff are eligible for membership of the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the higher of 65 or the State Pension Age. From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015

and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 3% and 8.05% of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6% and 8.05% for members of premium, classic plus, nuvos and all other members of alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% up to 30 September 2015 and 8% and 14.75% from 1 October 2015 (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary up to 30 September 2015 and 0.5% of pensionable salary from 1 October 2015 to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Staff Report

Staff costs comprise:

	Total	2015/16 Permanently Employed	Others		2014/15
	£'000	£'000	£'000		£'000
Wages and salaries	2,006	2,006	0		2,095
Social security costs	162	162	0		174
Other pension costs	411	411	0		362
	2,579	2,579	0		2,631
Less recoveries in respect of outward secondments	0	0	0		0
	2,579	2,579	0		2,631

Average number of persons employed

The average number of full-time equivalent persons employed during the year was as follows:

	2015/16	2014/15
	Total	Total
Directly employed	55.81	60
Others	0	0
Staff engaged on capital projects	0	0
Total	55.81	60

The Commissioner and Deputy Commissioner are Ministerial appointments.

Pensions contributions

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the OISC is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. Details of the resource accounts of the Cabinet Office: Civil Superannuation can be found at www.civilservicepensionscheme.org.uk

For 2015/16, employer contributions of £413,730 were payable to the PCSPS (2014/15: £357,274) at one of three rates in the range 20% to 22.10% of

pensionable pay, based on salary bands. The scheme's actuary reviews employer contributions every four years following a full scheme valuation. From 2015/16, the salary bands were revised. The contribution rates are set to meet the costs of benefits accruing during 2015/16 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer contributions of £7,885 (2014/15: £6,809) were paid to one or more of the panel of appointed stakeholder pension providers. Employer contributions are age-related and for the period 1 April 2015 to 30 September 2015 ranged from 3% to 12.5% of pensionable pay. From 1 October 2015 the range was increased from 8% to 14.75% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay.

There were no contributions due to the partnership pension providers at the reporting date nor were there any contributions prepaid at that date.

Exit Packages

There were no exit packages or payments for loss of office in 2015/16.

Number of persons of each sex employed

The number of persons of each sex employed during the year was as follows:

	2015/16	2014/15
Commissioner*	1	1
Deputy Commissioner*	1	1
Female (F) Staff	28	27
Male (M) Staff	30	32
Total	60	61

*The Commissioner (F) and Deputy Commissioner (M) are Ministerial appointments.

Sickness data

There were 520 sick days taken by OISC staff, 192 being of short-term duration (1.5%) and 328 of long-term duration (2.6%). This equates to 9.3 days average per person overall compared to the latest comparison figures available from the public sector which is also 9.3 average days per person. Long term sick absence has a disproportionate impact on the overall absence figure within the OISC, given our small number of staff. The OISC's short-term absence figure equates to an average sickness rate of 3.4 days per person.

Equality and diversity

The OISC recognises the business benefits of having a diverse workforce and is committed to maintaining a culture in which diversity and equality are actively promoted and where discrimination is not tolerated.

Staff involvement and development

The OISC is committed to keeping its staff informed of performance, development and progress. The OISC encourages staff involvement in its development.

The OISC recognises the Public and Commercial Services Union for collective bargaining purposes.

Employees with protected characteristics under the Equality Act 2010

The OISC operates a fair and open selection policy relating to applications for employment and internal promotion. The OISC published its Equality Scheme on 1 August 2011. The scheme was reviewed in 2013 and extended until 2016. It specifies all the protected characteristic areas as defined by the Equality Act 2010. The Equality Scheme contains an action plan setting out how the OISC both implemented and monitors the Scheme.

Parliamentary Accountability and Audit Report

These notes and disclosures are subject to audit.

Losses and special payments

There were no losses and special payments as at 31 March 2016.

Fees and charges

OISC costs and fee income are as follows:

	2015/16			2014/15		
	Costs	Income	Surplus/ (Deficit)	Costs	Income	Surplus/ (Deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Adviser fees*	3,613	(991)	(2,622)	4,015	(1,062)	(2,953)
	3,613	(991)	(2,622)	4,015	(1,062)	(2,953)

*Application Fees are paid by advisers at a level set by the Home Office (S.I. 2011/1366). This generates income which is less than the total cost of OISC operations.

Regularity of Expenditure

The Office of the Immigration Services Commissioner operates within a framework agreement between the sponsor department and the Commissioner, which sets out the financial transaction limits to which the OISC may operate without further referral to the Home Office. During the course of 2015/16, there were no additional expenditure controls. The Commissioner also operates to the standards set out in HM Treasury's "Managing Public Money", and can confirm no irregularity with any of the provisions contained therein.

Dr Ian Leigh
Deputy Immigration Services Commissioner and Accounting Officer

12 July 2016

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I certify that I have audited the financial statements of the Office of the Immigration Services Commissioner for the year ended 31 March 2016 under the Immigration and Asylum Act 1999. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report and the Parliamentary Accountability disclosures that is described in those reports as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with Immigration and Asylum Act 1999. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Office of the Immigration Services Commissioner's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Office of the Immigration Services Commissioner and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate. I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes

intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Office of the Immigration Services Commissioner's affairs as at 31 March 2016 and of the net expenditure for the year then ended; and
- The financial statements have been properly prepared in accordance with the Immigration and Asylum Act 1999 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited have been properly prepared in accordance with Secretary of State directions made under the Immigration and Asylum Act 1999 ; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or

-
- The Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

13 July 2016

Part 3: Financial Statements

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2016

	Note	2015/16		2014/15	
		£'000	£'000	£'000	£'000
<i>Expenditure</i>					
Staff costs	4		2,579		2,631
Other expenditure	5		1,034		1,384
			<u>3,613</u>		<u>4,015</u>
<i>Other income – payable to the Home Office</i>					
Fee income	3	(991)		(1,062)	
Other income	3	(11)		(9)	
		<u>(1,002)</u>		<u>(1,071)</u>	
Appropriation due to the Home Office		991		1,057	
			<u>(11)</u>		<u>(14)</u>
Net expenditure*			<u>3,602</u>		<u>4,001</u>

* All income and expenditure is derived from continuing activities.

The notes on pages 70 to 80 form part of these accounts.

Statement of Financial Position

As at 31 March 2016

	Note	31 March 2016		31 March 2015	
		£'000	£'000	£'000	£'000
Non-current assets					
Property, plant and equipment	6		165		198
Intangible assets	7		81		161
Total Non-Current Assets			246		359
Current assets					
Trade and other receivables	8	252		260	
Cash and cash equivalents	11	302		170	
Total Current Assets			554		430
Total assets			800		789
Payables and Provisions					
Amounts due within one year	9	(308)		(304)	
Total current liabilities			(308)		(304)
Non-current assets plus net current assets			492		485
Non-current Liabilities					
Amounts due after more than 1 year	9	(172)		(174)	
Provisions for liabilities and charges	10	(84)		(84)	
			(256)		(258)
Assets less liabilities			236		227
Taxpayers' Equity					
General Fund			236		227
Total Taxpayers' Equity			236		227

Dr Ian Leigh
Deputy Immigration Services Commissioner and Accounting Officer

12 July 2016

The notes on pages 70 to 80 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2016

	2015/16 £'000	2014/15 £'000
Cash flows from operating activities		
Net deficit after interest paid	(3,602)	(4,001)
<i>Adjustments for non-cash costs</i>		
Adjustment – depreciation and amortisation	100	108
Profit/Loss on disposals	42	0
Release of dilapidation provision	0	(177)
Provision for dilapidation	0	84
(Increase)/Decrease in trade and other receivables	8	(97)
Increase/(Decrease) in trade payables	2	277
Use of Provisions	0	(89)
Net cash outflow from operating activities	<u>(3,450)</u>	<u>(3,895)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(29)	(208)
Purchase of intangible assets	0	(28)
Net cash outflow from investing activities	<u>(29)</u>	<u>(236)</u>
Cash flows from financing activities		
Grant-in-Aid	3,611	3,927
Net cash flow from financing activities	<u>3,611</u>	<u>3,927</u>
Net (decrease)/increase in cash and cash equivalents in the period	132	(204)
Cash and cash equivalents at the beginning of the period	170	374
Cash and cash equivalents at the end of the period	<u>302</u>	<u>170</u>

The notes on pages 70 to 80 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2016

	General Reserve £'000	Revaluation reserve £'000	Total £'000
Balance at 1 April 2014	286	15	301
Changes in taxpayers' equity for 2014/15			
Net Expenditure for Year Ended 31 March 2015	(4,001)	0	(4,001)
<i>Total recognised Income and Expense for 2014/15</i>	<u>(4,001)</u>	<u>0</u>	<u>(4,001)</u>
Grant-in-Aid	3,927	0	3,927
Transfers between Reserves	15	(15)	0
Balance at 31 March 2015	<u>227</u>	<u>0</u>	<u>227</u>
Changes in taxpayers' equity for 2015/16			
Net Expenditure for Year Ended 31 March 2016	(3,602)	0	(3,602)
<i>Total recognised Income and Expense for 2015/16</i>	<u>(3,602)</u>	<u>0</u>	<u>(3,602)</u>
Grant-in-Aid	3,611	0	3,611
Balance at 31 March 2016	<u>236</u>	<u>0</u>	<u>236</u>

The notes on pages 70 to 80 form part of these accounts.

Notes to the Accounts

1 Statement of Accounting Policies

Basis of Accounts

These financial statements have been prepared in accordance with the 2015/16 *Government Financial Reporting Manual (FReM)* issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the OISC for the purpose of giving a true and fair view has been selected. The particular policies adopted by the OISC are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

Accounting Conventions

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories.

Standards in issue but not yet effective

IAS8, "Accounting policies, changes in accounting estimates and errors", requires disclosures in respect of new IFRS, amendments and interpretations that are, or will be, applicable after the reporting period. There are a number of IFRS, amendments and interpretations that have been issued by the International Accounting Standards Board that are effective for financial statements after this reporting period. None of these new or amended standards and interpretations are likely to be applicable or are anticipated to have a future material impact on the financial statements of the OISC.

Grant-in-Aid

Grant-in-Aid and grant received used to finance activities and expenditure which supports the statutory and other objectives of the OISC are treated as financing and are credited to the General Reserve because they are regarded as contributions from a controlling party.

Going concern

The OISC's bid for 2016/17 Grant-in-Aid was approved with a 3.53% (2014/15: 5%) decrease in line with reductions in public spending.

Despite the fact that the Triennial Review commenced in October 2014 had not been published, there is a reasonable expectation that the OISC will continue in

operational existence in 2016/17 and for the foreseeable future. Accordingly, we continue to adopt the going concern basis in preparing the annual report and accounts.

Non-Current assets

Assets are capitalised as non-current assets if they are intended for use on a continuous basis and their original purchase cost, on an individual or grouped basis, is £1,000 or more. The OISC has elected to adopt a depreciated historical cost basis as a proxy for current value in existing use or fair value for assets that have short useful lives or low values, except in their year of disposal and acquisition when their current and historical costs are not materially different.

Depreciation and Amortisation

Depreciation is provided on all non-current assets on a straight-line basis over the asset's anticipated life as follows:

Office refurbishments	on a straight-line basis over 4 years
Computer equipment*	on a straight-line basis over 4 years
Furniture and office equipment*	on a straight line basis over 4 years
Database software	on a 20% reducing balance basis
CPD platform*	on a straight-line basis over 4 years
Assets under Construction	nil until brought into use

**Following our move to 21 Bloomsbury Street, London WC1B 3HF, the OISC's policy on depreciation and amortisation charges was changed from 3.5 years to 4 years in accordance with IAS17 on an effective straight line basis.*

The dilapidation provision

The OISC recognises a dilapidation provision for the leased premises it occupies where it has an obligation to bring the property into a good state of repair at the end of the lease. In line with IAS37 provisions, contingent liabilities and contingent assets, the costs of reinstatement are also recognised in the provision for liabilities and charges.

Fee income

Fees that accompany applications to the Commissioner for registration or continued registration are recognised in the Statement of Comprehensive Net Expenditure as and when they are received. All fees are held by the Commissioner in a separate bank account from that used for the running expenses of his Office and are remitted in full to the Home Office on a quarterly basis.

Under Paragraph 5(2) of Schedule 6 of the Immigration and Asylum Act 1999 the Commissioner cannot entertain an application for either registration or continued registration unless the application is accompanied by the specified fee.

Except where a fee was received in error or a mistake was made in accepting that fee by the OISC, fees are non-refundable either in full or in part.

The Commissioner is required to prepare an Annual Report for the Secretary of State on the extent to which each Designated Professional Body over which he retains regulatory oversight has provided effective regulation of its members in their provision of immigration advice or immigration services. The Commissioner is authorised to charge the Designated Professional Bodies for these services. The charge is set by statute in a Fee Order. The Fee Order is made after the end of the financial year in which the work was undertaken. Hence fee income from the Designated Professional Bodies is receivable in the accounting year after the work has taken place. No fee was charged in respect of 2014/15.

From 1st April 2011 three of these Designated Professional Bodies became Designated Qualifying Regulators and as a result oversight of them passed to the Legal Services Board. The Commissioner has no power to collect fees from Designated Qualifying Regulators.

Operating leases

The OISC has commitments under two operating leases in respect of the premises it occupies. The OISC's commitments are disclosed in Note 13. There are no finance leases.

Payments made under operating leases are charged to expenditure on a straight-line basis.

Pension costs

Past and present employees are covered by the provisions of the Civil Servants and Others Pension Scheme for those in the alpha pension scheme and the Principal Civil Service Pension Scheme (PCSPS) for those in one of the other civil service occupational pension schemes, which are defined benefit schemes and are unfunded and non-contributory. The OISC recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the appropriate scheme of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the Civil Servants and Other Pension Scheme and the PCSPS. The rate of the employer's contribution is determined from time to time by the Government Actuary and advised by HM Treasury. Contributions are charged to the Statement of Comprehensive Net Expenditure.

Holiday accrual

An accrual is made of outstanding holiday due to OISC staff as at the end of the financial year. The basis of calculation is 220 working days. Total holiday accrual 2015/16: £68,190 (2014/15: £93,375).

Value Added Tax

The OISC is not registered for VAT and all costs are shown inclusive of VAT.

2 Operating Segments

The statutory duty of the OISC, as enacted in the Immigration and Asylum Act 1999, is to promote good practice by those who provide immigration advice or immigration services and to ensure that those who do so are fit and competent. It is also to operate a complaints scheme regarding all who provide immigration advice or services.

All the financial resources of the OISC are used towards the furtherance of this statutory duty. The OISC does not, therefore, have separate reporting or operating segments as envisaged by IFRS 8.

3 Income

Fee income*

	2015/16	2014/15
	£'000	£'000
Adviser fees	991	1,062
	991	1,062

* Section 86 of the Immigration and Asylum Act 1999 provides for the Immigration Services Commissioner to recover costs from Designated Professional Bodies (DPBs), but this power does not extend to Designated Qualifying Regulators (DQRs) as defined by the Legal Services Act 2007. The Commissioner, as confirmed by the Home Office, therefore has no statutory authority to collect outstanding fees from those bodies, and all such debts must consequently be written off.

Other Income:

	2015/16	2014/15
	£'000	£'000
Court costs	8	9
Other income	3	0
	11	9

The monies received from fees and other income are passed to the Home Office on a quarterly basis. These are shown in the Statement of Comprehensive Net Expenditure as Appropriation due to the Home Office.

4 Staff Cost

Staff costs comprise:

	Total	2015/16 Permanently Employed	Others	2014/15
	£'000	£'000	£'000	£'000
Wages and salaries	2,006	2,006	0	2,095
Social security costs	162	162	0	174
Other pension costs	411	411	0	362
	2,579	2,579	0	2,631
Less recoveries in respect of outward secondments	0	0	0	0
	2,579	2,579	0	2,631

5 Other expenditure

	2015/16	2014/15
	£'000	£'000
Running costs		
Accommodation	105	307
Information technology	56	65
Legal costs	110	186
Advertising and publicity	11	11
Office supplies and services	72	76
Website	1	10
Training	8	24
External audit fee	19	19
CPD costs	89	98
Other running costs	163	277
Rentals under operating leases	258	207
Non-cash items		
Profit/Loss on disposals	42	0
Depreciation and Amortisation	100	108
Provision for Dilapidation	0	(4)
	1,034	1,384

6 Property, Plant and Equipment

	2015/16			
	Office Refurbs	Furn & Off Equip	Comp Equip	Total
	£	£	£	£
Cost at 1 April 2015	94	16	158	268
Additions	0	2	27	29
Disposals	0	0	0	0
Revaluation	0	0	0	0
Cost at 31 March 2016	94	18	185	297
Depreciation at 1 April 2015	(11)	(4)	(55)	(70)
Charged during the year	(11)	(5)	(46)	(62)
On disposals	0	0	0	0
Revaluation	0	0	0	0
Depreciation at 31 March 2016	(22)	(9)	(101)	(132)
Net book value at 31 March 2016	72	9	84	165
<i>Net book value at 31 March 2015</i>	<i>83</i>	<i>12</i>	<i>103</i>	<i>198</i>
	2014/15			
	Office Refurbs	Furn & Off Equip	Comp Equip	Total
	£	£	£	£
Cost at 1 April 2014	661	269	370	1,300
Additions	94	16	98	208
Disposals	(661)	(269)	(310)	(1,240)
Revaluation	0	0	0	0
Cost at 31 March 2015	94	16	158	268
Depreciation at 1 April 2014	(661)	(269)	(323)	(1,253)
Charged during the year	(11)	(4)	(42)	(57)
On disposals	661	269	310	1,240
Revaluation	0	0	0	0
Depreciation at 31 March 2015	(11)	(4)	(55)	(70)
Net book value at 31 March 2015	83	12	103	198
<i>Net book value at 31 March 2014</i>	<i>0</i>	<i>0</i>	<i>47</i>	<i>47</i>

7 Intangible Assets

	2015/16				Total £'000
	Themis Software	CPD Platform	CPD Licences	Asset under Construction*	
	£'000	£'000	£'000	£'000	
Cost at 1 April 2015	293	454	0	42	789
Additions	0	0	0	0	0
Disposals	0	0	0	(42)	(42)
Cost at 31 March 2016	293	454	0	0	747
Amortisation at 1 April 2015	(196)	(432)	0	0	(628)
Provided during the year	(19)	(19)	0	0	(38)
On disposals	0	0	0	0	0
Amortisation at 31 March 2016	(215)	(451)	0	0	(666)
Net book value at 31 March 2016	78	3	0	0	81
<i>Net book value at 31 March 2015</i>	<i>97</i>	<i>22</i>	<i>0</i>	<i>42</i>	<i>161</i>
	2014/15				Total £'000
	Themis Software	CPD Platform	CPD Licences	Asset under Construction*	
	£'000	£'000	£'000	£'000	
Cost at 1 April 2014	293	454	12	14	773
Additions	0	0	0	28	28
Disposals	0	0	(12)	0	(12)
Cost at 31 March 2015	293	454	0	42	789
Amortisation at 1 April 2014	(172)	(405)	(12)	0	(589)
Provided during the year	(24)	(27)	0	0	(51)
On disposals	0	0	12	0	12
Amortisation at 31 March 2015	(196)	(432)	0	0	(628)
Net book value at 31 March 2015	97	22	0	42	161
<i>Net book value at 31 March 2014</i>	<i>121</i>	<i>49</i>	<i>0</i>	<i>14</i>	<i>184</i>

*Development of technology to facilitate online application for OISC registration

8 Trade Receivables and other Current Assets

	31 March 2016 £'000	31 March 2015 £'000
Amounts falling due within one year:		
Trade receivables	31	21
Provisions for bad and doubtful debts	(7)	(6)
Other receivables:		
Season ticket loans to staff	21	25
Prepayments and accrued income	207	220
Total	252	260

9 Trade Payables and other Current Liabilities

	31 March 2016 £'000	31 March 2015 £'000
Amounts falling due within one year		
Trade payables	175	147
Accruals and deferred income	131	157
Accommodation rent free period	2	0
Total	308	304
Amounts falling due after more than one year		
Accommodation rent-free period*	172	174
Total	172	174

* *Accrued rent: During 2013-14, a new lease was signed on Floor 5, 21 Bloomsbury Street, London WC1B 3HF. A 9-month, rent-free period from March 2014 to 30 November 2014 was granted. In accordance with IAS17, the OISC has spread the cost of the lease on an effective straight line basis from the start of the rent free period to the end of the extended lease on 07 November 2022. As a result, notional rent charges for the rent-free period have been charged to the Statement of Comprehensive Net Expenditure. The lease payable on the rent-free period is with a Central Government Body, Department for Culture, Media & Sport (DCMS).*

10 Provisions for Liabilities and Charges

	Dilapidations Provisions £'000	Total Provisions £'000
Balance at 1 April 2014	266	266
Movement in the year*	84	84
Provision not required written back**	(177)	(177)
Use of provisions**	(89)	(89)
Balance at 31 March 2015	84	84
Balance at 1 April 2015	84	84
Movement in the year	0	0
Provision not required written back	0	0
Use of provisions	0	0
Balance at 31 March 2016	84	84

*A new provision of £84,150 was established for Floor 5, 21 Bloomsbury Street, London WC1B 3HF. The OISC moved to the new accommodation in May 2014.

**£89k dilapidation was agreed for former OISC offices on Floor 5, Counting House, 53 Tooley Street, London SE1 2QN and £176,779 written back as no longer required. This property was vacated on 2 May 2014.

11 Analysis of Changes in Cash and Cash Equivalents

	£'000
Balance at 1 April 2014	374
Net Change in cash and cash equivalents balances	(204)
Balance at 31 March 2015	170
Balance at 1 April 2015	170
Net Change in cash and cash equivalents balances	132
Balance at 31 March 2016	302

The OISC has no borrowings and relies on departmental grants for its cash requirements, and is therefore not exposed to liquidity risks. It also has no material deposits and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency risk.

The OISC holds all its cash balances with the Government Banking Service (GBS).

12 Capital commitments

At 31 March 2016 there were no capital commitments (31 March 2015: £nil).

13 Commitments under Operating Leases

	31 March 2016		31 March 2015	
	Land and Building	Equipment	Land and Building	Equipment
	£'000	£'000	£'000	£'000
Operating Leases that Expire:				
Not later than 1 year	251	26	257	14
Later than 1 year and not later than 5 years	1,124	36	1,086	39
Later than 5 years	482	0	771	0

14 Contingent liabilities

There was no contingent liability as at 31 March 2016.

15 Post reporting period events

There were no post reporting period events. These Financial Statements were authorised for issue by the Deputy Commissioner on 13 July 2016.

16 Related party transactions

The Home Office, as sponsor body for the OISC throughout 2015/16 is a related party to the OISC. During the year ended 31 March 2016, the Home Office provided the OISC with Grant-in-Aid of £3,611,210 (2014/15: £3,927,000).

A number of transactions were made with other government departments and other central government bodies namely – HM Revenue and Customs (HMRC) £163,583 (2014/15: £171,756); The Principal Civil Service Pension Scheme (PCSPS); £413,730 (2014/15: £357,274) and Department for Culture, Media & Sport (DCMS) £Nil (2014/15: £6,265).

During the year ended 31 March 2016 neither the Commissioner, Deputy Commissioner, key managerial staff nor other related parties undertook any material transactions with the OISC.

17 Results for the period

The financial resource allocated to the OISC has been used to meet the year's business plan targets. Any additional expenditure that has been met out of cash brought forward from previous accounting periods has had the approval of the Home Office Sponsor Unit.

18 Financial instruments

As the cash requirements of the OISC are met through Grant-in-Aid provided by the Home Office, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the OISC's expected purchase and usage requirements and the OISC is therefore exposed to little credit, liquidity or market risk.



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